



Daily Report

China

FBIS-CHI-93-165
Friday
27 August 1993

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FBIS-CHI-93-165

CONTENTS

27 August 1993

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Reaction to Missile Technology Sales, Sanctions	1
Spokesman Denies Violations [Hong Kong TV]	1
Embassy: PRC 'Strongly Opposed' [XINHUA]	1
Decision Termed 'Unjustified Act' [XINHUA]	1
Official Protests to U.S. Envoy [XINHUA]	1
Pakistan Admits Receiving Missiles From China [XINHUA]	2
'Regret' Expressed on Sanctions [XINHUA]	2
Media Comments on U.S. Sanctions Decision	2
Editorial on 'Wrong Judgment' [Hong Kong TA KUNG PAO 27 Aug]	2
Daily: U.S. Causes 'Troubles' [Hong Kong TA KUNG PAO 27 Aug]	4
'People' Oppose Sanctions [Beijing International]	4
Jiang Zemin Appoints, Removes Ambassadors [XINHUA]	5
Rong Yiren Meets Moroccan, Cypriot Ambassadors [XINHUA]	5
Inner Mongolia Foreign Trade Fair Opens [XINHUA]	5
Beijing Hosts International Automation Meeting [XINHUA]	5
Reports on Yeltsin's Visit in East Europe	6
Visits Poland [XINHUA]	6
Visits Slovakia [XINHUA]	6

United States & Canada

U.S. Correspondent Interviews Qian Qichen [XINHUA]	6
--	---

Central Eurasia

PLA Commander Receives Russian Delegation [XINHUA]	7
Liaoning Hosts Russian Oblast Delegation [LIAONING RIBAO 12 Aug]	7
Russia Keeps Old Soviet Banknotes in Circulation [XINHUA]	7

Northeast Asia

Japan's Hosokawa on 'Importance' of PRC Ties [Beijing Radio]	7
Chen Muhua Receives Japanese Bank President [XINHUA]	7
NPC's Lei Jieqiong Meets Japanese Visitors [XINHUA]	7

Southeast Asia & Pacific

Further on Thai Prime Minister Chuan's Visit	8
TV Coverage of Li Peng-Hosted Banquet [Beijing TV]	8
Thai Paper on Li-Chuan Talks [Bangkok BANGKOK POST 27 Aug]	8
Chuan Discusses Economic Cooperation [XINHUA]	8
PRC-Thai Joint Committee Meets in Thailand [XINHUA]	9
Qiao Shi Fetes Papua New Guinea Parliamentarian [XINHUA]	9
SRV's Vo Van Kiet, Cambodian Leaders Meet [XINHUA]	10

Near East & South Asia

Radio Interviews Israel's Peres on Trade Ties [Beijing International]	10
---	----

Nepalese Lawmakers Discuss Ties With China [XINHUA]	11
Bangladesh Minister Says Relations 'Traditional' [XINHUA]	11

Sub-Saharan Africa

'News Analysis' on Interim Nigerian Government [XINHUA]	12
---	----

NATIONAL AFFAIRS

Political & Social

Wang Hanbin: Deng Is in 'Very Good Health' [ZHONGGUO XINWEN SHE]	13
Security Spokesman: Han Dongfang Case's May Be Reconsidered [XINHUA]	13
Supporter of Dissident Delivers Letter to Qiao Shi [Hong Kong SOUTH CHINA MORNING POST 27 Aug]	14
Former XINHUA Official Xu Jiatun Interviewed [Hong Kong TV]	14
Daily Reports on Death Sentences for 4 Officials [RENMIN RIBAO 27 Aug]	15
Cases of Graft, Bribery More Severely Punished [XINHUA]	15
Twenty, Including One Vice Minister, Investigated [XINHUA]	16
Continuing NPC Standing Committee Session Reported	16
Agenda of Session Viewed [RENMIN RIBAO 24]	16
Draft Competition Law Considered [XINHUA]	16
Adopting 'Crucial' Economic Laws Urged [XINHUA]	17
Securities, Consumer Draft Laws Viewed [XINHUA]	17
Li Peng Signs State Council Decree on Three Gorges [XINHUA]	18
Experts, Scholars Call For Law on Lawyers [XINHUA]	18
HK, Macao, Taiwan People Allowed To Take Bar Exams [ZHONGGUO XINWEN SHE]	18
Sixth 'Pen Talk' on Studying Deng Theory [RENMIN RIBAO 13 Aug]	19
Article Urges New Methods Against Pornography [GUANGMING RIBAO 6 Aug]	22
Album on Mao Zedong's Life, Work Published [XINHUA]	23

Science & Technology

Government Studies 'Soft Science' Program [XINHUA]	24
Jiang, Li Peng Write Inscriptions on Torch Plan [RENMIN RIBAO 20 Aug]	24
Spokesman Briefs Reporters on Space Plans	25
Plans To Export Satellites [XINHUA]	25
Industry Takes Marketing Step [ZHONGGUO XINWEN SHE]	25
'863' Plan Promotes High Technology Application [XINHUA]	26

Military

Political Department on Journalistic Ethics [JIEFANGJUN BAO 21 Aug]	27
PLA Publishes Books on Deng Xiaoping's Thought [XINHUA]	27
Heilongjiang District Holds Party Congress [HEILONGJIANG RIBAO 13 Aug]	28
Xinjiang District Holds Political Work Meeting [Urumqi TV]	28
Newspaper Recounts History of 'Special Troops' [Hong Kong LIAOWANG OVERSEAS EDITION 2 Aug]	29

Economic & Agricultural

Bank Spokesman Denies Report on Bankers Fleeing [XINHUA]	32
Foreign Exchange Reserves Decline 'Moderately' [CHINA DAILY 27 Aug]	32
Cost of Living in Coastal Cities 'Still Soaring' [AFP]	33
'Raging' Urban Inflation Reportedly Up 23 Percent [Hong Kong SOUTH CHINA MORNING POST 27 Aug]	33
Calls for End to 'Arbitrary Charges,' Corruption [RENMIN RIBAO 22 Aug]	34
Blueprint for New Financial System Drawn Up [XINHUA]	34
Article on Macroeconomic Regulation, Control [RENMIN RIBAO 16 Aug]	35

State Council Approves Baoshan Steel Mill Third Phase [XINHUA]	37
Daily: Shanghai Stresses Adjusting Industrial Structure [RENMIN RIBAO 20 Aug]	37
Economic Research Institute Set Up in Shanghai [XINHUA]	38
Aero-Technology Import, Export Group Established [XINHUA]	38
Chen Junsheng on Role of Rural Survey Teams [XINHUA]	39
Regulation on Water, Soil Conservation [XINHUA]	39
Water-Extraction Licensing Rules Reported [XINHUA]	42

REGIONAL AFFAIRS

East Region

Fujian Speeds Up Economic Development [XINHUA]	47
Jiangsu Implements Social Insurance System [XINHUA]	47
Nanjing Commutes Sentences of More Than 600 Prisoners [ZHONGGUO TONGXUN SHE]	48
Shanghai Leaders Study Jiang's Speech on Corruption [Shanghai Radio]	48
'Roundup' Views Shanghai's Foreign-Funded Enterprises [XINHUA]	48
Shanghai's Yangpu Bridge To Open to Traffic [XINHUA]	49

North Region

Beijing's Chen Xitong Views Research, Study [BEIJING RIBAO 30 Jul]	49
World Bank Projects 'Progressing' in Beijing [XINHUA]	50
Inner Mongolia Secretary on Reform Work [NEIMENGGU RIBAO 31 Jul]	51
Report on Tianjin Development Zone [XINHUA]	53

Northeast Region

Heilongjiang Secretary Views Antismuggling Work [HEILONGJIANG RIBAO 14 Aug]	54
Heilongjiang's Heihe City Elects New Leaders [HEILONGJIANG RIBAO 11 Aug]	55
Heilongjiang's Suifenhe City Names Acting Mayor [HEILONGJIANG RIBAO 15 Aug]	55
Heilongjiang Reviews Rural Economic Development [HEILONGJIANG RIBAO 17 Aug]	56
Heilongjiang's Fuyuan Customhouse Opens [HEILONGJIANG RIBAO 9 Aug]	56
Jilin Reports Completion of Motor Plant [JILIN RIBAO 5 Aug]	56

Northwest Region

Qinghai Secretary on Anticorruption Struggle [Xining Radio]	57
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PRC MEDIA ON TAIWAN AFFAIRS

Qian Qichen Receives Island University President [XINHUA]	58
Beijing To Host Talks on Cross-Strait Relations [XINHUA]	58

TAIWAN

Ministry, U.S. Group Sign Letter of Intent [CNA]	59
KMT Official Arrives in Beijing for Meeting [CNA]	59
Ministry To Let Exporters Import Mainland Goods [CNA]	59
Li Teng Hui Addresses KMT Congress Closing [CHUNG YANG JIH PAO 23 Aug]	59
Premier Lien To Declare Personal Assets 1 Sep [CNA]	61
Lawmaker Urges Political Contributions Law [CNA]	61
Lawmaker Urges Recruiting Foreign-Trained Talent [CNA]	61

General

Reaction to Missile Technology Sales, Sanctions

Spokesman Denies Violations

HK2608131993 Hong Kong Asia Television Limited in English 1200 GMT 26 Aug 93

[From the "Main News" program]

[Text] China is preparing a response to trade sanctions imposed by the United States, which has accused Beijing and Islamabad of violating an arms control agreement. As Ian Chan reports, Beijing has criticized the move and says it won't bow to pressure:

[Begin recording] [Chan] Foreign Ministry spokesman Wu Jianmin says the government will make an official response to the U.S. action soon. In the meantime, he has repeated China's denial of any arms violation.

[Wu, in Mandarin] This is not reasonable at all. We resolutely object to it.

[Interpreter] As I said yesterday, China has never acted in violation of the principles and parameters of the Missile Technology Control Regime. However, the United States insisted on imposing sanctions against China in disregard of China's repeated statements. This is entirely unjustifiable.

[Chan] Sanctions were imposed on China and Pakistan after U.S. investigation concluded that China had sold missile technology to Pakistan in violation of an international arms pact. Mr. Wu says the action is unjustifiable and will hurt Sino-American relations.

[Wu, in Mandarin] Exerting pressure serves no purpose.

[Interpreter] As you know, relations between China and the United States have traversed a tortuous course, and this course shows that dialogue is helpful to improving Sino-U.S. relations, while imposing sanctions is useless.

[Chan] The sanctions will affect the export of satellite technology to China and is estimated to cost American businesses hundreds of millions of dollars. But the president of the American Chamber of Commerce in Hong Kong, Frank Martin, says the action should have little effect on trade relations between the two countries, because they are limited. A government spokesman says the sanctions against China will have no significant impact on Hong Kong. [end recording]

Embassy: PRC 'Strongly Opposed'

OW2608133293 Beijing XINHUA in English 1321 GMT 26 Aug 93

[Text] Washington, August 26 (XINHUA)—The Chinese Embassy here has denounced the U.S. determination to impose sanctions against China as "a wrong judgement based on inaccurate intelligence."

In response to the U.S. decision announced on Wednesday [25 August], the Chinese Embassy issued a statement, which said: "China has made clear on many occasions that it has not done anything in violation of its commitment to the Missile Technology Control Regime (MTCR). However, the U.S. side, in total disregard of the Chinese side's clarifications, has made a wrong judgement on the basis of inaccurate intelligence and decided to impose sanctions against China under U.S. domestic law."

"We are strongly opposed to this completely unjustified act by the U.S. side," the statement stressed.

Decision Termed 'Unjustified Act'

OW2608142893 Beijing XINHUA Domestic Service in Chinese 1353 GMT 26 Aug 93

[Text] Washington, 25 Aug (XINHUA)—The Chinese Embassy in the United States issued a statement on 25 August, denouncing the U.S. State Department's decision to impose economic sanctions against China on the ground that China "has engaged in the transfer of missile technology."

The statement says: The U.S. side "has made a wrong judgment on the basis of inaccurate intelligence and decided to impose sanctions against China under U.S. domestic law. We are firmly [jian jue 1017 0414] opposed to this completely unjustified act."

Official Protests to U.S. Envoy

OW2708062093 Beijing XINHUA in English 0604 GMT 27 Aug 93

[Text] Beijing, August 27 (XINHUA)—Chinese Vice-Foreign Minister Liu Huaqiu, at an urgent meeting here today with U.S. Ambassador Stapleton Roy, lodged a strong protest with the United States concerning the U.S. Government's decision to impose sanctions against China on the ground of its determination, based on its analysis of a so-called large body of evidence, that China has made M-11 missile related transfers to Pakistan.

Liu said that the U.S. side, ignoring the repeated clarifications made by the governments of China and Pakistan and invoking domestic legislations, has wilfully imposed sanctions against sovereign states. This naked hegemonic act has brutally violated [di di dao dao di ba quan zhu yi xing jing chu bao jian ta 0966 0966 6670 6670 4104 7218 2938 0031 5030 5887 1777 4723 2552 6432 6431] the basic norms governing international relations, he noted.

The Chinese Government and people express their utmost indignation at such a move on the part of the U.S. Government which compromises China's sovereignty, dignity and interests and puts Sino-U.S. relations in serious jeopardy [yan zhong po huai zhong mei guan xi di xing wei 0917 6850 4275 0975 0022 5019 7070 4762 4104 5887 3634], Liu said. "I am hereby instructed to lodge a strong protest with the U.S. Government."

Liu stressed that the Chinese Government has all along adopted a positive and serious approach towards preventing proliferation of weapons of mass destruction and their delivery systems.

In respect to export of conventional weapons, he said, China also strictly abides by its international commitments and its consistent principled position on transfer of such weapons. This is well-known and irreproachable, he added.

Liu pointed out that the Chinese side has told the U.S. side in explicit terms on many occasions that China has honoured its commitment to acting in accordance with MTCR [Missile Technology Control Regime] guidelines and parameters and has done nothing in contradiction with that commitment.

Insisting on having its way, the U.S. side has now resumed sanction on China, he said. This is most unreasonable and totally unacceptable [zhe shi hao wu dao li di ye shi zhong fang jian jue bu neng jie shou di 6638 2508 3032 2477 6670 3810 4104 0048 2508 0022 2455 1017 0414 0008 5174 2234 0649 4104] to the Chinese side.

Liu pointed out emphatically that in September 1992, in blatant violation of the Sino-U.S. Joint Communiqué of August 17, the U.S. Government decided to sell 150 F-16s to Taiwan, a move that has grossly interfered in China's internal affairs.

On the one hand, the U.S. has poured [Beijing XINHUA Domestic Service in Chinese at 0549 GMT on 27 August carries an identical report substituting the word "sold" (chu shou 0427 0786) for "poured"] large amounts of advanced weapons into the region sensitive to China, threatening its security, and on the other hand, made groundless accusations and interference against China on self-invented stories. This is a show of power politics, he said.

In conclusion, Liu Huaqiu said that according to the bilateral agreement, the Chinese Government's announcement to act in accordance with MTCR guidelines and parameters in February 1992 was predicated on U.S. removal of its sanctions imposed on China in June 1991.

Now that the U.S. side has resumed these sanctions, the Chinese Government has been left with no alternatives but to reconsider its commitment to MTCR. The U.S. Government shall be held fully responsible for all the consequences arising therefrom, Liu said.

Pakistan Admits Receiving Missiles From China

OW2608123893 Beijing XINHUA in English 1205 GMT 26 Aug 93

[Text] Islamabad, August 26 (XINHUA)—Pakistan Foreign Minister Abdul Sattar has regretted the U.S. decision to impose sanctions against Pakistan and China on the basis of incorrect information and groundless suspicion.

Making a statement in the Senate here today, he said Pakistan regretted the U.S. decision, especially because the sanctions affect our friend China more than Pakistan.

We deeply appreciate that China has throughout maintained a principled position in the matter, he added

He admitted that Pakistan had acquired short-range tactical missiles from China.

He said several years ago when Pakistan was hit by Scud missiles, it decided to approach China for the supply of missiles to enhance the country's self-defence capability and China kindly agreed to provide a small number of short-range tactical missiles.

When the United States raised this matter with Pakistan, we reaffirmed to Washington that the missiles Pakistan received were within the Missile Technology Control Regime (MTCR) parameters, and provided information in response to further questions, he said.

The U.S. announced economic sanctions against China and Pakistan on Wednesday [25 August], claiming that they dealt in sensitive missile technology in violation of international arms control. Both China and Pakistan have denied any violations.

'Regret' Expressed on Sanctions

OW2708095693 Beijing XINHUA Domestic Service in Chinese 1401 GMT 26 Aug 93

[By reporter Hu Xiaoming (5170 2556 2494)]

[Text] Islamabad, 26 Aug (XINHUA)—Pakistan Foreign Minister Abdul Sattar today expressed regret over the economic sanctions which the United States has imposed on Pakistan and China on the ground that Pakistan and China have violated the "Missile Technology Control Regime."

In a statement he issued in the Senate, Sattar said that the U.S. decision was "based on incorrect information and totally groundless suspicion."

The statement said that Pakistan thanks China for always maintaining a principled position on the issue.

A spokesman for the Pakistan Ministry of Foreign Affairs also denied yesterday that Pakistan and China had violated the Missile Technology Control Regime.

Media Comments on U.S. Sanctions Decision

Editorial on 'Wrong Judgment'

HK2708070093 Hong Kong TA KUNG PAO in Chinese 27 Aug 93 p 2

[Editorial: "China Refutes U.S. Decision on Sanctions"]

[Text] China reacted strongly yesterday to the U.S. decision on economic sanctions against China, accusing

the United States of making a wrong judgment based on incorrect intelligence and of imposing the sanctions according to a domestic law in the United States. China thought that this was completely unjustifiable and expressed resolute objections.

Various signs indicate that the main spearhead of the United States is directed at China. After the disintegration of the Soviet Union, the United States changed its China policy. The Bush administration brazenly violated the three documents, one of which was the Sino-U.S. Joint Communiqué, announced the sale of F-16 fighter planes to Taiwan, and used the most favored nation [MFN] trading status and the human rights issue to continue oppressing China. The effort was intensified after the Clinton administration took power and congressmen and senior government officials made speeches interfering in China's internal affairs. The human rights issue is certainly an anti-China "illusion," and the MFN status is a "chessman" to exert pressure. Recently, the United States shadowed the Yinhe, a Chinese freighter on its regular passage to the Middle East; it said the ship carried materials which could be used to make chemical weapons. The situation can be described as one trouble followed by another; and when the current incident involving Han Dongfang is taken into consideration, it becomes obvious that the purpose is to hinder Beijing's bid to hold the 2000 Olympic Games.

Why must the United States "be hard on" China? The answer can be found from the anticommunist and anti-China substance which has settled deeply in the bones of the U.S. Government. Since the disintegration of the Soviet Union and the conclusion of the Gulf war, the United States has been posing as a "global military policeman." It views itself as the chief in safeguarding the world order and frequently uses U.S. criteria and what it likes or dislikes to judge regional disputes and other things in the world. Sending troops to Somalia, the bombing of Iraq, and preparations for air strikes in Bosnia, were all actions initiated by the United States first and later tacitly approved or subsequently confirmed by the United Nations later. Certainly, some of the actions received the support of the United Nations, but many disputes could have been resolved by peaceful consultations.

Over the past 14 years, China has carried out reform and opening up and achieved marked results in economic development; China's peaceful diplomacy and its firm position on handling international relations according to the Five Principles of Peaceful Coexistence, have been praised by various countries in the world. Regarding Sino-U.S. relations, the Chinese leaders have repeatedly stressed that these must be built on the basis of mutual trust. The granting of the MFN trading status to each other is a kind of equal and reciprocal arrangement made by both sides according to trade agreements between the two countries; over the years it has played a great role in promoting the development of economic and trade relations between the two countries. The facts prove that

maintaining this reciprocity is conducive to the promotion of economic and trade ties between the two countries. Otherwise, both sides will be hurt.

The United States has repeatedly pointed to the unfavorable trade balance with China. Apart from explaining the disparity caused by the different ways of calculation on both sides, the Chinese side has also sent many purchasing delegations to the United States to buy large quantities of U.S. products. China firmly believes that so long as both sides observe the basic principle established by the three Sino-U.S. Joint Communiqués for guiding the relations between the two countries, any disputes and obstacles can be resolved.

In the middle of this month in Beijing, Jiang Zemin met Gary Ackerman, chairman of the House Subcommittee on Asian and Pacific Affairs, and said: "Both China and the United States should increase exchanges, enhance understanding, and remove misunderstanding." China hopes the two governments can continuously increase trust, decrease trouble, and promote cooperation, the reason being that although the international situation has changed profoundly, broad and important interests exist between the two countries.

The current problem is that some people within and outside the U.S. Administration think that after developing its economy, China will increase its military strength and will emerge as a world economic and military power in Asia by early next century. This would pose a threat to the United States, so they join hands to make trouble for China and "be hard on" it, taking unfriendly actions. This is not a good sign for Sino-U.S. relations.

The incidents involving the Yinhe and Han Dongfang are the best examples illustrating that the United States wants to "be hard on" China. In the U.S. Congress someone has proposed that the regulations of the "17 August" Communiqué in 1982 restricting the sale of U.S. weapons to Taiwan should be canceled. This is a very serious intention to undermine Sino-U.S. relations, and this step should be avoided at all costs.

If the United States today imposes economic sanctions on China or does not renew its MFN status, it will naturally cause a corresponding retaliation from China and the consequence will surely do damage to both sides. Concerning this point, the U.S. business circles yesterday expressed deep concern.

Since the world situation has undergone profound changes, a new political and economic world order must be built relying on the United Nations and the Five Principles of Peaceful Coexistence; things cannot be determined just by a single superpower. A single superpower should not think of dominating the world, and, concerning this point, it is hoped that the Clinton administration can learn from the lessons of past U.S. failures. The basic well-being of the 1.4 billion people in both countries in the centuries to come originates from

Sino-U.S. friendship and cooperation, economic development in which each supplies what the other needs, and the maintenance of peace in the Asia-Pacific region by joint efforts.

Daily: U.S. Causes 'Troubles'

HK2708074293 Hong Kong TA KUNG PAO in Chinese
27 Aug 93 p 7

[Article by Kuan Chao (7070 2507): "Clinton Administration Has Given the Chinese a Lesson"]

[Text] With an alleged accusation that China has sold sensitive missile technologies to Pakistan, the U.S. Government announced the imposition of economic sanctions against China, banning for the coming two years any sales to China of high technology electronic products and equipment applicable to the space system and military weaponry. It is estimated that the export volume under sanction will total \$400 to \$500 million annually. To this unjustified move by the U.S. Government, the Chinese Foreign Ministry spokesman gave an immediate response yesterday, repeatedly clarifying that China has never done anything in contravention of the guidelines laid down in the Missile Technology Control Regime. He also indicated: The accusation brought by the United States is groundless; furthermore, it is all the more ridiculous and unacceptable that the United States uses its own law as a basis for imposing sanctions against China.

The sanctions imposed on China by the Clinton administration can be said to be a move that was hatched long ago and that was to be expected. As a matter of fact, judged from many facets, from its granting of most favored nation [MFN] trade status to China, its move to stand in the way of China's bid to host the 2000 Olympic Games, the Yinhe incident, to the latest incident involving Han Dongfang, the Clinton administration is currently launching a series of new offensives against China. It has created troubles for China one after another with attempts to seek opportunities and excuses for its sanctions, restrictions, interference, and attacks against China. Closely related to its wild ambition to dominate the whole world, all that the United States has done so far has formed component parts of its global strategic deployment. In the wake of the disintegration of the former Eastern Europe and the collapse of the former Soviet Union over one year ago, the ambition and "confidence" of the United States to dominate the world has reached an unprecedented "climax" and it cannot find a rival in the world—except socialist China. Under today's changeable world situation "how dare" China persist in its own way and never bow to any foreign forces? Meanwhile, it has indeed achieved some results and attracted worldwide attention on the road of reform and opening up. All these have made certain people grind their teeth with hatred and that is why they regard China as a thorn in their flesh and will be content with nothing less than China's destruction.

The people of Hong Kong, except for the MFN issue which directly affects their lives, may not have felt "the pain" already brought by U.S. tyranny as well as the increasing pressure imposed against China. As a matter of fact, the Hong Kong people have already been provided with the most convincing proof, which is, why do John Major and Chris Patten suddenly change their policies toward China and Hong Kong and stir up troubles in the town? If they were not backed by the Americans they might not have had the courage to make such a vicious move.

Whatever it may be, it is better for the United States in practicing its power politics and fulfilling its ambition to seek hegemony, not to act superciliously or to go too far in taking advantage of others. It is without doubt that China needs a peaceful environment, international markets, and advanced science and technology to accomplish its cause of reform and opening. Yet, what the Chinese people need even more is the self-respect of our nation and the dignity of our country. If the Americans really move to treat us in a high-handed manner, the Chinese people would rather suffer losses than bend their knees and would never barter away principles. At the worst, we may slow down the pace of the modernization drive and prepare for more difficulties. The days in which China was bullied and humiliated by others are gone, never to return. Facts clearly show that if the Chinese people fail again to exert themselves in unity and bring credit to their country, certain people will glare at us like tigers eyeing their prey. We Chinese must remain sober-minded.

'People' Oppose Sanctions

OW2708140493 Beijing China Radio International in Mandarin to Asia 0900 GMT 27 Aug 93

[From the "Global Vision" program]

[Text] Listeners and friends: In disregard of the clarifications made by the governments of China and Pakistan, the U.S. Government has upheld its erroneous judgment that China had transferred M-11 Missile technology to Pakistan and flagrantly declared on 25 August that it would impose economic sanctions on some Chinese and Pakistani departments for two years. This decision made by the U.S. State Department was conveyed to Li Daoyu, Chinese ambassador to the United States, and the Pakistani ambassador to the United States on 25 August by U.S. Undersecretary of State Davis, who is in charge of security affairs.

During a regular news briefing held on the same day, U.S. spokesman McCurry stated that information from many sources proved that China had transferred M-11 Missile technology and missile parts to Pakistan, and, thus, according to U.S. law, the U.S. State Department decided to impose second-category sanctions on China and Pakistan.

The M-11 Missile, which has a range of 300 km, can carry a warhead weighing half a tonne. The United States

stated several months earlier that China had violated the Missile Technology Control Regime [MTCR] by selling such missiles to Pakistan. While China has not officially acceded to the MTCR, it made the commitment to honor the MTCR in November 1992. Thus it is natural that the Chinese Government and people are opposed to the U.S. Government's unreasonable decision. A spokesman of the Chinese Embassy in the United States pointed out that the Chinese side had on many occasions explained to the U.S. side that China had not done anything which violated the accord, but that the U.S. Government still made an erroneous judgment on the basis of its inaccurate intelligence and unscrupulously [dong ze] imposed sanctions on China according to its domestic law; and that China is firmly opposed to the totally unreasonable sanctions. Pakistan's official authorities have also on many occasions refuted the allegation that Pakistan had purchased from China the technology and parts that can be used in the production of M-11 Missiles.

The Arms Export Control Act which the U.S. Congress adopted in 1991 provides that, under the second-category sanctions, export of sophisticated electronics and space equipment, as well as military planes to countries violating the MTCR, is prohibited. If the United States insists on imposing an embargo on China in this respect, it will suffer a loss of \$400-\$500 million in its trade with China in the next two years.

Jiang Zemin Appoints, Removes Ambassadors

OW2708060593 Beijing XINHUA Domestic Service in Chinese 0959 GMT 24 Aug 93

[Text] Beijing, 24 Aug (XINHUA)—PRC President Jiang Zemin, in accordance with the decision of the Standing Committee of the National People's Congress, has appointed and removed the following Chinese ambassadors to foreign countries:

1. Removing Liu Lide as PRC ambassador extraordinary and plenipotentiary to the Republic of Mali; appointing Wu Donghe [2976 2639 0735] as PRC ambassador extraordinary and plenipotentiary to the Republic of Mali.

2. Removing An Huihou as concurrent PRC ambassador extraordinary and plenipotentiary to the Republic of Tunisia and Palestine; appointing Wu Chuanfu [0702 0728 4395] as concurrent PRC ambassador extraordinary and plenipotentiary to the Republic of Tunisia and Palestine.

3. Removing Li Fenglin as concurrent PRC ambassador extraordinary and plenipotentiary to the Republic of Moldova; appointing Deng Chaocong [6772 2600 1783] as PRC ambassador extraordinary and plenipotentiary to the Republic of Moldova.

4. Appointing Zhang Shihua [1728 0013 5478] as PRC ambassador extraordinary and plenipotentiary to Eritrea.

Rong Yiren Meets Moroccan, Cypriot Ambassadors

OW2708035393 Beijing XINHUA in English 0310 GMT 27 Aug 93

[Text] Beijing, August 27 (XINHUA)—Chinese Vice-President Rong Yiren met here this morning with outgoing Moroccan Ambassador to China Bouchaara Abderrahmane and Cypriot Ambassador to China Sotirios C. Zakkhaos on separate occasions.

Inner Mongolia Foreign Trade Fair Opens

OW2508141393 Beijing XINHUA in English 1347 GMT 25 Aug 93

[Text] Hohhot, August 25 (XINHUA)—The Manzhouli Foreign Economic and Trade Fair opened today in this border city in the Inner Mongolia Autonomous Region.

Many domestic foreign trade enterprises and companies, as well as 2,500 overseas businessmen from such countries as the Commonwealth of Independent States (CIS), Japan, the United States and France attended the fair, which has more than 20,000 kinds of commodities on show.

Chinese President Jiang Zemin, Premier Li Peng, and Tian Jiyun, vice-chairman of the Standing Committee of the National People's Congress, and Vice-Premiers Zou Jiahua and Li Lanqing all wrote inscriptions for the week-long fair.

Trade in the city, which borders on Russia, has become brisk since it was approved by the State Council to be an open outlet in March 1992. Goods exchanged at Manzhouli were worth 306 million Swiss francs last year. It also recorded 280 million Swiss francs' worth in the volume of exchanged goods in the first half of this year, about three times the figure in the same period of last year.

At present, the city has economic and trade cooperation relations with 2,000 areas and enterprises in China's 27 provinces, municipalities and autonomous regions. It has also forged trade links with more than 1,000 overseas companies.

Beijing Hosts International Automation Meeting

OW2608153693 Beijing XINHUA in English 1405 GMT 26 Aug 93

[Text] Beijing, August 26 (XINHUA)—The first automation conference for people of Chinese origin all over the world opened in Qinghua University here today.

Present at the conference are more than 400 experts and scholars of Chinese origin from a dozen countries and areas, including the Chinese mainland, Hong Kong, Macao and Taiwan as well as the United States, Japan, Germany, Britain, Norway, Belgium, the Netherlands, Switzerland, Sweden, Australia, Mexico, Canada and Singapore.

Song Jian, state councillor and minister in charge of the State Science and Technology Commission, said that over the past eight years China has made great efforts in the study of robots, integrated automatic manufacturing technology and intelligent recognition.

He said that this progress has benefited from aid from China's overseas counterparts, especially from scientists of Chinese origin.

The conference has received more than 600 essays. In the next five days a high-tech research achievements show and scientific and technological publications exhibition will be held.

Reports on Yeltsin's Visit in East Europe

Visits Poland

OW2608112893 Beijing XINHUA in English 1020
GMT 26 Aug 93

[Text] Warsaw, August 26 (XINHUA)—Russian President Boris Yeltsin concluded his two-day official visit to Poland and left here today for Prague after affirming Russia's "partnership" with Poland.

This is Yeltsin's first visit to Poland as Russian president, and is also a return visit for Lech Walesa's visit to Russia in May last year.

During their two rounds of talks, both Yeltsin and Walesa affirmed the principles of "mutual non-interference in each other's internal affairs", "equality and mutual benefits" and "partnership" to direct the development of bilateral relations.

The two leaders also agreed to mutually provide the status of most-favored nation to develop the trade and economic cooperation between the two countries.

After the talks, Yeltsin and Walesa signed "the Russian-Polish Joint Declaration" and "The Agreement on Bilateral Trade and Economic Cooperation".

They also chaired the signing ceremony of "The Agreement on Bilateral Technological Cooperation" and several other documents on cooperation.

Both Yeltsin and Walesa spoke highly of the signing of these agreements and documents, saying that it would improve the relationship between Russia and Poland.

However, at a joint press conference on Wednesday [25 August], they acknowledged that both sides were still divergent on some issues, such as the debt issue and the protection for cemeteries and monuments of the Poles who died in Russia during World War II.

Reasonable solutions would be found to these issues through future negotiations, they promised.

Visits Slovakia

OW2708040793 Beijing XINHUA in English 0226
GMT 27 Aug 93

[Text] Prague, August 26 (XINHUA)—Russian President Boris Yeltsin said in Bratislava, capital of Slovakia, today that his country is willing to develop new relations with Central and East European countries on the basis of mutual benefit and respect.

He told a press conference that Russia will give priority to the development.

Yeltsin, who arrived here today for a short visit, held talks with Slovak Prime Minister Vladimir Meciar on economic and military cooperation. The two leaders also discussed the way of Russia's payment of 1.5 billion U.S. dollar debt and expressed support for direct cooperation between the two countries' enterprises.

Slovakia will take part in laying natural gas pipelines from Russia to Europe via Poland. The prime minister said Russia could pay its debts with the investment in the pipeline construction and natural gas supply.

Slovak President Michal Kovac and Yeltsin signed a friendship and cooperation treaty today while their defense ministers signed a military cooperation agreement. According to the agreement, Russia will provide help to the Slovak Army and cooperate with it in the military industry. Russia will also provide Slovakia with Mig-21 fighter planes as partial payment of its debt.

Meciar travelled to Russia twice this year in an effort to establish new ties with Russia. Slovakia hopes Russia would supply it with raw materials and military equipment fittings.

United States & Canada

U.S. Correspondent Interviews Qian Qichen

OW2608143193 Beijing XINHUA in English
1232 GMT 26 Aug 93

[Text] Beijing, August 26 (XINHUA)—Qian Qichen, Chinese vice-premier and foreign minister, was interviewed here today by Marcus W. Brauchli, a correspondent for THE WALL STREET JOURNAL of the United States in Asia.

During the interview, Qian answered questions about the security of Asia, the Sino-U.S. relations, the human rights, China's bidding for the 2000 Olympic games, and China's deepening of its reform and strengthening of its macro-control of the economy.

Central Eurasia

PLA Commander Receives Russian Delegation

OW2508123193 Beijing XINHUA in English
1144 GMT 25 Aug 93

[Text] Beijing, August 25 (XINHUA)—General Zhang Wannian, chief of the General Staff of the Chinese People's Liberation Army (PLA), met with a visiting Russian delegation of military academies here today.

The delegation, headed by General Rodionov, chief of the Russian Military Academy of General Staff, arrived here on August 19 for a week-long visit at the invitation of the headquarters of the PLA General Staff.

Liaoning Hosts Russian Oblast Delegation

SK2708112993 Shenyang LIAONING RIBAO
in Chinese: 12 Aug 93 p 1

[Text] At the invitation of the provincial government, a five-member delegation from the Novosibirsk Oblast Government of Russia led by Viktor Matveyev [name as published] deputy head of the government, conducted a friendly visit to our province from 3 to 10 August.

During the visit, Vice Governor Guo Tingbiao and Matveyev, on behalf of Liaoning Province and Novosibirsk Oblast, respectively, signed an agreement on establishing friendly ties between the province and the oblast and an agreement on their long-term friendly cooperation.

The delegation also visited Dalian and Benxi cities during the visit.

Russia Keeps Old Soviet Banknotes in Circulation

OW2708041993 Beijing XINHUA in English
0249 GMT 27 Aug 93

[Text] Moscow, August 26 (XINHUA)—Russia's central bank today reversed its earlier decision to abandon old Soviet banknotes on July 26, saying the old ruble bills will continue to be in circulation until the end of 1993.

The central bank said all trading organizations and service departments in the country are not allowed to reject the old-style one-, three-, five- and 10-ruble notes.

On July 24, Russia's central bank announced that ruble banknotes printed between 1961 and 1992 will be canceled. Meanwhile, it set a ceiling of 35,000 rubles for every Russian citizen to exchange old rubles into new ones, and August 6 as the deadline for the exchange.

The decision triggered off panic and dissatisfaction among citizens in the country.

President Boris Yeltsin instructed the central bank on July 26 to modify its currency reform policy and issued a decree ordering the central bank to raise the swap ceiling to 3.1 million rubles.

Northeast Asia

Japan's Hosokawa on 'Importance' of PRC Ties

OW2708024593 Beijing Central People's Radio
Network in Mandarin 2230 GMT 26 Aug 93

[By RENMIN RIBAO reporter Zhang Guocheng and station reporter Zhang Guoqing; from the "News and Press Review" program]

[Text] Japanese Prime Minister Morihiro Hosokawa said yesterday [26 August]: For our country, Japanese-Chinese relations are bilateral relations as important as those with the United States. Our country will continue to attach importance to Japanese-Chinese relations and there has been no change in this fundamental principle.

Prime Minister Hosokawa spoke on three prospects for Japanese-Chinese relations, which have entered a new stage. He hoped that Japanese-Chinese relations would develop into more mature bilateral relations, and that Japan and China would strengthen their cooperation and jointly make positive contributions to the international community on issues such as arms control, finance and economics, and environmental protection. Japan hopes that China will promote reform and opening up policies in the political and economic aspects in a down-to-earth manner. Japan will extend its cooperation within its capabilities. [In a brief report in its 27 August morning edition, Tokyo MAINICHI SHIMBUN in Japanese notes that Prime Minister Hosokawa on 26 August provided written answers to questions on Japan-PRC ties submitted to him by "RENMIN RIBAO and Radio Beijing reporters"]

Chen Muhua Receives Japanese Bank President

OW2608112693 Beijing XINHUA in English
0831 GMT 26 Aug 93

[Text] Beijing, August 26 (XINHUA)—Chen Muhua, vice-chairperson of the Standing Committee of China's National People's Congress (NPC), met with Kuboda Hiroshi, president of the Nippon Credit Bank of Japan, and his party here this afternoon.

Kuboda and his party are guests of the Bank of China. This is Kuboda's first trip abroad since he became president of the bank.

NPC's Lei Jieqiong Meets Japanese Visitors

OW2708133793 Beijing XINHUA in English
1309 GMT 27 Aug 93

[Text] Beijing, August 27 (XINHUA)—Lei Jieqiong, vice-chairwoman of the Standing Committee of China's National People's Congress (NPC) met Setsuya Tabuchi, president of the Sasakawa Peace Foundation of Japan, here this afternoon.

Tabuchi, along with 200 or so university presidents and professors representing 50 universities of more than 30

countries, is attending an international conference on issues ranging from peace and development to trade and environment.

The three-day "Young Leaders Forum on the Challenges of the 21st Century", opened here this morning.

It is co-sponsored by the Sasakawa Peace Foundation, China's State Education Commission, the Chinese Association for International Friendly Contacts and Beijing University.

Southeast Asia & Pacific

Further on Thai Prime Minister Chuan's Visit

TV Coverage of Li Peng-Hosted Banquet

*OW2708032193 Beijing Central Television Program
One Network in Mandarin 1400 GMT 26 Aug 93*

[From the "News" program]

[Text] [Video shows medium shots of Li Peng and Foreign Minister Qian Qichen shaking hands with Thai Prime Minister Chuan Likphai in a banquet room. The three are then shown standing at attention at a banquet table] State Council Premier Li Peng hosted a banquet this evening at the Diaoyutai State Guesthouse for visiting Thai Prime Minister Chuan Likphai and his party.

Thai Paper on Li-Chuan Talks

*BK2708012793 Bangkok BANGKOK POST in English
27 Aug 93 p 3*

[By Woranant Khongbunyin]

[Text] Chinese Premier Li Peng was quoted by a Thai spokesman as telling Prime Minister [PM] Chuan Likphai during an 80-minute meeting yesterday that China's weapons exports were not intended for use in threatening the region's stability.

The statement comes only a day after the United States announced an embargo on high technology sales to China following its sale of sensitive technology to Pakistan.

Mr Chuan and about 200 Thai government officials and business executives, the largest prime ministerial delegation on an official visit abroad since Mr Chuan came to office last October, yesterday began their 10-day official visit to China.

Deputy government spokesman Montri Danphaibun said Mr Chuan mentioned the 1.5 billion baht budget granted the Thai military to buy about 400 trucks, weapons and ammunition from China.

Chinese Foreign Ministry spokesman Wu Jianmin told reporters China enjoyed good relations with all Asian countries and intended to expand them.

"Premier Li also rejects the so-called 'China threat view'," said Mr Wu, repeating a statement by Foreign Minister Qian Qichen at the ASEAN ministerial meeting in Singapore in June that China would not use hegemony.

The meeting between Mr Chuan and Mr Li was held after an official welcoming ceremony in front of the Great Hall of the People in Tiananmen Square.

Mr Li, rumoured to be suffering from a heart disease, appeared healthy and well. He also hosted a dinner in honour of Mr Chuan last night.

Mr Montri said Thailand and China yesterday signed three documents aimed at enhancing relations between the two countries—an extradition treaty, an agreement to open a Chinese consulate in Songkhla and a Thai consulate in Kunming, and an agreement for cooperation on tourism development.

The first two documents were signed by Foreign Minister Prasong Sunsiri and his Chinese counterpart Qian Qichen, and the third by PM's Office Minister in charge of tourism Dr Sawit Phothiwihok and National Tourism director Liu Yi.

Mr Montri said the accord on extradition rights was the first treaty of its kind between China and another country.

He said Mr Chuan asked Mr Li to take care of and encourage Thai business interests in China and invited Chinese state enterprises to jointly invest with Thais, especially in machinery and rubber industries, in Thailand.

Mr Chuan also discussed with Mr Li measures to reduce the trade deficit between Thailand and China, which amounted to about US\$829 million last year and at least \$500 million in preceding years.

Mr Li expressed China's willingness to buy rice and other agricultural products from Thailand, including para-rubber, said Mr Montri.

The two leaders also discussed the so-called economic rectangle involving Thailand, Laos, Burma and southern China, and proposed transport links between the four countries.

Mr. Montri said Mr Chuan expressed the hope the development of the Upper Mekong Basin would lead to the development of southern China.

Chuan Discusses Economic Cooperation

*OW2708091193 Beijing XINHUA in English
0841 GMT 27 Aug 93*

[Text] Beijing, August 27 (XINHUA)—Visiting Thai Prime Minister Chuan Likphai said here today that the Thai Government is ready at all times to conduct economic cooperation with China.

Speaking at a China-Thailand business meeting here this morning, Chuan said the long and close relationship between the two countries has continuously pushed forward the economic ties at government and non-governmental levels.

Since China implemented its opening-up policies and the two countries signed a trade agreement in 1978, the volume of bilateral trade has reached 1.3 billion U.S. dollars, he said.

He noted that Thai entrepreneurs have greatly invested in China, thus making his country the eighth greatest investment partner of China. He added that China also makes a large amount of investment in Thailand.

Chuan said the two countries' close geographic position, the supplementary nature of their natural resources and the potential of their markets were the important factors to further bilateral trade, investment and cooperation.

He said the concept of the formation of the "quadrangle areas" covering Thailand, Laos, Myanmar (the former Burma) and south China shows the economic potential in the countries of this region.

The Thai Government fully supports this concept, he added.

Chuan said he fully believes that Thailand and China can open ways of common development in the fields of trade and investment, namely absorbing China's fund to Thailand and at the same time seeking opportunities for Thai private enterprises to invest in China.

He said he was very pleased to see that China is continuously maintaining a high speed economic growth rate. This is because it is becoming a really important force in the Asia-Pacific region and creating more chances for economic cooperation in the region.

He said the meeting represents a new step for Thailand-China relations, with economic cooperation as its main content and traditional culture combined with it.

He expressed the hope that the meeting will bring benefit to entrepreneurs of the two countries and give new impetus to future bilateral economic cooperation.

Among those present at the meeting were State Councillor Luo Gan and President of the China Council for the Promotion of Trade With Foreign Countries Zheng hongye as well as more than 300 Chinese and Thai industrialists and businessmen.

Luo said China and Thailand, both developing countries, are facing the urgent task of developing their national economies.

China is engaged in financial reform and intensifying the macro-economic control capabilities of the central government and adopting a series of effective measures to guarantee the steady and healthy development of its economy in the latter part of the year.

He said the macro control measures that China is adopting does not mean economic austerity, but structural adjustment and regularizing and putting into a legal framework some of its economic developments.

Zheng noted that the China Council for the Promotion of Trade With Foreign Countries has maintained good cooperative relations with Thai industrial and commercial organizations and companies and is willing to make new contributions to the common prosperity of the economies of the two countries.

A dozen agreements between the two sides were signed at the meeting, involving a total of one billion U.S. dollars.

PRC-Thai Joint Committee Meets in Thailand

*OW2608153893 Beijing XINHUA in English
1230 GMT 26 Aug 93*

[Text] Phathaya, Thailand, August 26 (XINHUA)—The 12th session of the Joint Committee on Scientific and Technical Cooperation between the governments of Thailand and China opened here today.

The Thai delegation led by Deputy Foreign Minister Surin Phitsuwan and the Chinese delegation headed by Hui Yongzheng, vice chairman of China's State Science and Technology Commission, attended the meeting.

Speaking at the meeting, Surin said that Thailand and China are developing countries. They want to have cooperation in the fields of scientific, technical and economic fields.

Hui said in his speech that China attaches great importance to promoting cooperative relations with neighboring countries, Southeast Asian countries and the countries of ASEAN (the Association of Southeast Asian Nations).

He said that most of the programs agreed upon at the 11th session of the joint committee have been fully implemented.

The two-day meeting will discuss the new items proposed by the Chinese and Thai sides.

Qiao Shi Fets Papua New Guinea Parliamentarian

*OW2708130493 Beijing XINHUA in English
1236 GMT 27 Aug 93*

[Text] Beijing, August 27 (XINHUA)—Top legislator Qiao Shi, meeting with a delegation of parliamentarians from Papua New Guinea today, reiterated that China will continue to strengthen its friendly co-operation with other Third World countries.

The delegation is headed by Parliament Speaker William Jack Skate.

Qiao, chairman of the Standing Committee of China's National People's Congress (NPC), said that he expects

the group's visit to promote the existing good relations between China and Papua New Guinea and their two parliaments, and to deepen the friendship between the two peoples.

Skate said that the delegation's visit has won support from leaders of both the Papua New Guinean Government and opposition as well as the people. This shows that Papua New Guinea continues to adhere to its "One China" policy and seeks to enhance its friendly relations with China, he said.

Qiao voiced his appreciation for Papua New Guinea's sticking to its "One China" position, saying there are good prospects for expanding the friendly ties of co-operation between the two countries.

Noting that both China and Papua New Guinea belong to the Third World, Qiao said China will continue to expand its friendly ties with other developing countries, develop co-operation with them in different fields on the basis of mutual benefit, and work to safeguard the common interests of the Third World as well as world peace and stability.

After the meeting Qiao hosted a banquet to welcome the delegation, which arrived here today for a week-long goodwill visit.

SRV's Vo Van Kiet, Cambodian Leaders Meet

*OW2608034193 Beijing XINHUA in English
0306 GMT 26 Aug 93*

[Text] Hanoi, August 25 (XINHUA)—Vietnam and Cambodia said here Wednesday [25 August] that they would develop their bilateral cooperation and friendship.

Vietnamese Prime Minister Vo Van Kiet and visiting co-presidents of Cambodia's interim national government Norodom Ranariddh and Hun Sen signed a joint communique Wednesday on improvement of the friendly cooperation between the two countries.

Groups of experts would be formed by the two sides to set up cooperative mechanisms in the fields of politics, economy, trade and science-technology.

The communique said that Vietnam welcomed the policy made by the Cambodian head of state Samdech Norodom Sihanouk to further strengthen and develop the friendly cooperation between the two countries.

It said that the Vietnamese Government believes that Cambodia, led by Sihanouk, would become an independent, peaceful, neutral and prosperous country.

The Cambodian side thanked Vietnam for implementing the Paris peace agreement on Cambodia and making contribution to Cambodia's peace process, the communique said.

On the regional issue, the communique said the two sides were satisfied with the tendency of development in

peace, stability and cooperation in the Southeast Asian region and hopeful that the good-neighborly cooperation based on equality and mutual benefit would be further strengthened and expanded in the region.

Ranariddh and Hun Sen, who arrived in Hanoi on Monday for a visit, also held talks with Vo Van Kiet on Vietnamese nationals in Cambodia, border problems and regional and international affairs.

The Cambodian delegation left here for home this afternoon, concluding a three-day visit to Vietnam.

Near East & South Asia

Radio Interviews Israel's Peres on Trade Ties

*OW2608122093 Beijing China Radio International in English to Western North America 0400 GMT
24 Aug 93*

[Interview with Israeli Foreign Minister Shim'on Peres by reporter Morris Matthews; live or recorded—place and date not given]

[Excerpt] [Passage omitted] Welcome back to this special edition of the "Business Show" and the Sino-Israeli feature. Our final interview is with Mr. Shim'on Peres, foreign minister of the State of Israel.

[Begin recording] [Matthews] Welcome, Minister Peres, to the English service of China Radio International. It is a pleasure to interview you and thank you very much for sparing the time.

[Peres] Thank you.

[Matthews] And, if I may, in your own language, shalom ve brekha [peace and blessing] [words indistinct].

[Peres] Toda raba [Thank you very much], in my own language.

[Matthews] Thank you, sir. Now, what can you tell me, what, in your view, is the significance of the new-found relationship between Israel and China.

[Peres] Well, I do not think that Israel is following the example of other countries. Now that we are looking for a relationship between two economies; we are looking for a relationship between two civilizations. Because Israel is not a supermarket, it does not have the size or the ambition to become one and we do not intend to conquer, so to speak, the Chinese market. But we are deeply interested to cooperate as much as we can in two basic domains in culture and in science. Culture, because of our past, and science, because of our meat. [sentence as heard] And we have found that there is a favorable response to it.

[Matthews] Yes, well I think straight away you have touched on the nub of the problem. Here we have two ancient civilizations, be it one big and one small, but, nevertheless, very ancient ones, and of course, starting

off as one does when one sees someone in Israel, one says I believe shalom, which of course, means peace, and it's a greeting at the same time, and peace is so important these days to everyone. Now, economically speaking, as you are right to say, Israel is a small market, and, in real terms, what can Israel offer China as far as the Chinese market is concerned? What do you think China can find on the Israeli market?

[Peres] Tell our Chinese friends we are more interested in winning over their heart than to win over their market. Once they said that is what they meant, [words indistinct] we are really going to follow the request of the Chinese, and the Chinese are basically interested in two things which they believe Israel is blessed with. One is a highly sophisticated agriculture. We would like to cooperate in that domain in research and development, in machinery, and other high technology. From those two domains, we shall try to develop in partnership.

[Matthews] Now, I understand quite a few Chinese, though on a selected basis, are going to Israel to consider setting up joint ventures and to participate, as you say, in research and so on. Are there...[Matthews changes thought] what about the other way round? Are there, as far as you know, many Israeli starting to come to China, apart from tourists?

[Peres] Yes, there is a very vivid interest on the part of many Israelis to invest in China, to trade with China, and our government will encourage them to do so and (?take the) necessary facilities. So, it will be realized and [word indistinct], but China has gone very impressively, very brilliantly, and we have to understand that it is not the same world as we are used to, you know; it is an entirely different world with different strengths and powers. And, with the collapse of the Soviet Union, actually, relatively speaking, the world has lost its (?worst) enemy. [Word indistinct] has discovered many problems and all of us have now to operate in a world that has less identified enemies but more unidentified problems. It is there that all of us have to cooperate seriously, for me, the problems ahead of the storm, and handle them properly. [end recording]

And with those words of wisdom and reality, the reality of need and interdependency, we come to the end of another edition of the business show. On behalf of the business show team, this is Morris Matthews wishing you goodbye [preceding word in Mandarin] from Beijing, China.

Nepalese Lawmakers Discuss Ties With China
OW2708042993 Beijing XINHUA in English 0348
GMT 27 Aug 93

[Text] Kathmandu, August 27 (XINHUA)—Nepalese members of parliament expressed that Nepal's foreign relations with China and India should be emphasized on a equal basis.

Speaking on Nepal's foreign policy at the ongoing parliament session, Communist Party of Nepal (UML) leader, MP Chandra Prakash Mainali said that Nepal needs the good will of both India and China.

"Nepal should balance its foreign policy between the two powerful neighbors on the basis of equality and liberty," he said.

MP Pashupati Shamsheer Rana of National Democratic Party (RPP) said that Nepal's relations with India and China should naturally be of significance and relations with India should be cordial and clear given geographical constraints between Nepal and India.

He demanded that Nepal's foreign policy should be oriented towards promoting foreign investment in Nepal and the diplomatic missions should be properly mobilized for further economic achievements.

The RPP MP added that Nepal's foreign policy is highly influenced by its major donor countries and it has rather become pro-American.

Another CPN-UML MP Hiranya Lal Shrestha said that Nepal should maintain equidistance with both India and China in its foreign policy.

He protested against the publicity for free Tibet in Nepal, adding that Nepal should not be made a "playground of international power," accusing the Nepali Congress Party of being West-oriented.

Bangladesh Minister Says Relations 'Traditional'
OW2508210393 Beijing XINHUA in English 1652
GMT 25 Aug 93

[Text] Dhaka, August 25 (XINHUA)—Law Minister Mirza Golam Hafiz said here today that the present government greatly valued the friendship between China and Bangladesh and would do everything possible to develop it to the mutual benefit of the two peoples.

Addressing a discussion on the "Traditional Cultural Relations Between Bangladesh and China" here this evening, the minister termed the China-Bangladesh relations as traditional and hoped that the age-old ties between the two friendly countries would continue to grow in future.

Addressing the discussion, Chinese Ambassador to Bangladesh Zhang Xu Jiang said that the relations between China and Bangladesh was not developed only after the establishment of their diplomatic relations, but it was historical and traditional.

He hoped that the traditional bonds of friendship would be maintained in the ages to come.

Sub-Saharan Africa

'News Analysis' on Interim Nigerian Government
OW2508140293 Beijing XINHUA in English 1309
GMT 25 Aug 93

["News Analysis" by Gu Zhenqiu: "Babangida's Exit To Greet Nigerian Interim National Government"]

[Text] Lagos, August 25 (XINHUA)—General Ibrahim Babangida is to relinquish his eight-year reign as president of Nigeria as he bids farewell to the Nigerian Armed Forces on Thursday [26 August] as commander-in-chief.

His exit, expected to be marked by a military fanfare and parade, will be preceded by a swear-in ceremony of members of the interim national government Nigeria's new capital of Abuja.

The president is also expected to deliver a valedictory address to the whole nation on Thursday.

The military president's resignation comes exactly 10 days after his August 17 address to a joint session of the Nigerian National Assembly, during which he "offered to step aside, and unfolded some of structures of the interim national government."

However, the composition of the proposed interim government remained hazy yesterday, with the Nigerian Federal Military Government yet to name the members.

The military government appears the sole producer of persons to serve on the interim government but it is expected to make behind-the-scenes consultations with the Social Democratic Party (SDP) and the National Republic Convention (NRC), two major political parties of the country.

In that case, politicians and the people of the country must be prepared to accept whatever the military government comes up with and to play along with it.

Nigeria's current political crisis, which originated from the military government's annulment of the June 12 presidential election, will continue if the interim government team is unacceptable.

Despite the military government's plan to inaugurate the interim government on Thursday, many of its arch opponents remain unyielding as Moshood Abiola, presidential candidate from the SDP in the cancelled presidential poll, reaffirmed his opposition.

In a message to a Monday meeting of former governors and political leaders, Abiola said the interim government "will only be a Trojan horse through which he (Babangida) will continue to manipulate our whole nation's affairs and retain control of our economy."

At the meeting, the former governors and political leaders decided to reject the concept of the interim government and restated their belief in the sanctity of the June 12 election.

Meanwhile, the Nigeria Labor Congress reaffirmed its commitment to a campaign of civil disobedience nationwide if the military fails to wholly relinquish power to a constitutional government by August 27.

Besides, the Labor Congress intends to force the military government to hand over its power to Senate President Iyorchia Ayu rather than the interim national government which is scheduled to assume office on Thursday.

The interim national government, expected to terminate on December 31, was accepted by the SDP, the NRC and the national electoral commission as a compromise to end the two-month political crisis in the west African nation.

Political & Social

Wang Hanbin: Deng Is in 'Very Good Health'

HK2708133293 Beijing ZHONGGUO XINWEN SHE
in Chinese 0929 GMT 27 Aug 93

[Text] Hong Kong, 27 August (ZHONGGUO XINWEN SHE)—During a special interview with the English weekly WINDOW, Wang Hanbin, National People's Congress Standing Committee vice chairman, said that Deng Xiaoping is in very good health and, indeed, in better shape than at the start of this year. The interview was carried in the latest issue of WINDOW, published today.

Wang Hanbin disclosed that a health check showed nothing wrong with Deng Xiaoping's heart, liver, and other internal organs. Deng Xiaoping is still sober-minded. Due to his old age, he has some difficulties in movement. Every day he reads newspapers in great detail. He also reads each and every article to be carried in The Selected Works of Deng Xiaoping, a book under compilation at the moment. Deng Xiaoping is accustomed to reading documents by himself. He never asks his secretary to read documents for him. He needs no help from others in this regard.

Wang Hanbin pointed out that since 1989, the Hong Kong-based newspapers have fabricated many stories claiming that Deng Xiaoping is in poor health. All those stories are untrue and groundless.

Security Spokesman: Han Dongfang Case's May Be Reconsidered

HK2708115493 Beijing XINHUA Hong Kong Service in Chinese 0753 GMT 27 Aug 93

[Report: "A Spokesman for the Public Security Ministry on Denying Han Dongfang Entry to China"]

[Text] Beijing, 27 Aug (XINHUA)—A Ministry of Public Security spokesman today commented on the decision to deny Han Dongfang entry to the country. The spokesman pointed out that since he left the country last September, Han Dongfang has been actively engaged in activities aimed at opposing the Chinese Government and undermining China's national interests. Therefore, Han has violated state laws. The immigration department has announced its decision to revoke Han Dongfang's passport and deny him entry to the country in accordance with the relevant laws. In the meantime, the spokesman pointed out that should Han Dongfang show signs of repentance [hui gai 1882 2395] in the future, then the question of his return to the country will be reconsidered in accordance with the law.

The Ministry of Public Security spokesman stated that Han Dongfang was listed as wanted by the Beijing Municipal Public Security Bureau for his active involvement in some criminal activities aimed at instigating people to overthrow the present government in June

1989. Han Dongfang turned himself in on 17 June 1989. On 29 November 1991, the Beijing Municipal People's Procuratorate decided, in accordance with the law, to accord Han Dongfang lenient treatment by not prosecuting him after taking account of the fact that Han Dongfang had turned himself in, confessed his crimes, and shown signs of repentance after being listed as wanted by the public security organ. In September 1992, Han Dongfang applied to go abroad to receive medical treatment. The Beijing public security organ approved his application out of humanitarian considerations and summoned him for a talk before he left the country, saying it hoped that he would do nothing harmful to the country after leaving the country or that he would bear the consequences himself. Han Dongfang promised that he would not get involved in activities aimed at opposing the Chinese Government. The public security organ also stated in no uncertain terms that should he get involved in any activities aimed at opposing the Chinese Government, he would be banned from returning to the country.

The spokesman said that after Han Dongfang had left the country, manipulated by certain anti-China forces, he had attended various international conferences; had given a large number of speeches opposing and agitating against the Chinese Government to undermine China's international reputation; had actively colluded with illegal organizations within the country, assuming remote command of these organizations and financing them; had manufactured rumors to trick and incite the masses who did not know the truth to strike and create disturbances; and had worked for the establishment of illegal organizations aimed at opposing the Chinese Government. Han Dongfang has repeatedly stated that he wants to return to China to lead these organizations.

The spokesman pointed out that Han Dongfang's entry into the country was wholly a premeditated political activity manipulated by the "Alliance in Support of the Patriotic and Democratic Movement in China," an organization dedicated to opposing the Chinese Government. Han managed to cross the border in the company of the alliance's leader, Choi Yiu-chang [5591 5069 2490], in an attempt to create an incident and magnify it.

The spokesman said: The above details show that Han Dongfang has violated Article 4 of the "PRC State Security Law" and Article 4 of the "PRC Law Governing Citizens' Exit and Entry." The Chinese exit and entry administrative departments declared Han Dongfang's passport null and void and refused to let him in in accordance with Article 13 of the "PRC Law Governing Citizens' Exit and Entry."

The spokesman said: "Of course, if Han Dongfang shows signs of repentance in the future, we can reconsider, in accordance with the law, the question of his return to the country."

Supporter of Dissident Delivers Letter to Qiao Shi
HK2708031793 Hong Kong SOUTH CHINA
MORNING POST in English 27 Aug 93 p 9

[By Geoffrey Crothall in Beijing and staff reporters]

[Text] A close friend of Han Dongfang yesterday delivered a letter to the chairman of China's National People's Congress (NPC), Qiao Shi, demanding that the decision to cancel the exiled labour leader's passport be revoked. Zhou Guoqiang, who was himself briefly detained last year for his alleged association with underground dissident groups, claimed the move by the Guangzhou security forces to expel Mr Han from China to Hong Kong on August 14 was "totally illegal".

Meanwhile, Yip Ming of the Hong Kong Democratic Foundation arrived in Beijing yesterday and will petition members of the NPC Standing Committee on Mr Han's case. He urged China to allow Mr Han to return and to give assurances such incidents would not happen in Hong Kong after 1997.

Mr Han said yesterday he had contacted a local NPC delegate, Leung Oi-sze, for help. "I have great expectations. As NPC deputies, they have the obligation and responsibility to solve the problem I'm facing," he said. Mr Han was willing to make "some concessions" in order to return to his homeland, but vowed not to go elsewhere before his rights to re-enter China were recognised.

In a meeting with United States congressman John Porter, Mr Han was told that the United States would be willing to offer him political asylum if his attempt to go back to China failed. But he was worried that too much pressure on the Chinese Government would have a negative impact.

In his letter, Mr Zhou demanded as a "common citizen" and "resident of Beijing," that the NPC standing committee urgently examine the case and punish the perpetrators. Mr Zhou told the South China Morning Post last night that he was "not afraid of anything. They have no reason to come and get me. All I was doing was pointing out a gross miscarriage of justice perpetrated by one particular department," he said.

Mr Zhou, who is a lawyer and poet, pointed out in his letter that there were "no stipulations in China's legislation which allow a citizen of the People's Republic of China to be expelled from China, neither are any administrative organs entitled to expel PRC citizens. Therefore the Guangzhou public security bureau ... had no right under law to force Mr Han out of the country," he said, adding that "such law breaking and mischievous action is unprecedented since the founding of the PRC and its evil influence should not be underestimated."

Mr Zhou pointed out that a Chinese citizen's passport can only be made invalid if the citizen has been deported from another country because of illegal entry or if he obtained the passport by fraudulent means. Neither of

these conditions applied, he said. Mr Zhou also lashed out at the confiscation of US\$1,600 (HK\$12,400) of Mr Han's money by officers of Guangzhou PSB to buy an air ticket to Switzerland—a violation, he said.

Former XINHUA Official Xu Jiatun Interviewed
HK2508141093 Hong Kong Television Broadcasts
Limited in English 1200 GMT 25 Aug 93

[Interview with Xu Jiatun by TVB correspondent Carmen Luk, at Xu's Los Angeles home, date not given; from the "News at Eight" program—recorded; Xu speaks in Mandarin, with English subtitles provided; Luk's remarks, in English, are spoken over the video recording of the interview with Xu; translation of Xu's remarks is provided from the Mandarin]

[Text] The former director of the NEW CHINA NEWS AGENCY [XINHUA] Hong Kong branch, Xu Jiatun, has predicted turbulent days ahead in the territory's run up to 1997. But he's optimistic about Hong Kong's long-term stability. In an exclusive interview with TVB [Television Broadcasts Limited] News, Xu also spoke about the 1989 Tiananmen Square incident. Carmen Luk reports from Los Angeles, where Xu now lives:

[Begin recording] [Luk] Residing in a quiet LA suburb, 77-year-old Xu Jiatun has made America his temporary home. But the feeling of security and a sense of belonging is not there, and Xu has moved six or seven times since he secretly left China and came to the States three years ago. He left in a hurry, he recalled, taking with him only a hand-carry bag.

[Xu] During 4 June, I was involved in the Beijing high-level struggle; I was swept into it. I was on Zhao Ziyang's side. Later the incumbent leaders wanted to settle accounts with me.

[Luk] Memories of June 4 brought tears to the man who once used to represent Beijing in Hong Kong. The current Sino-British political row over Hong Kong is part of the June 4 repercussions, Xu says. The whole Western community got tough with China after 1989, he says, and the same applies to Britain's Hong Kong policy.

[Xu] Deng Xiaoping's attitude toward.... [changes thought] He was banking on a high-handed approach. He chose to deal with a tough situation with tough measures.

[Luk] The former NCNA chief reckons the setting up of a preliminary working committee for the future SAR [Special Administrative Region] now is part of a tit-for-tat struggle against Britain and Governor Chris Patten. But were he still in power, he says, he would not have gone that far.

[Xu] Take, for example, the case of Chris Patten. We should try to convince people with reason and should not label people or launch personal attacks.

[Luk] But Xu, who saw Hong Kong through the negotiations for the Joint Declaration, doesn't think that the current talks will end up in a total collapse. Both sides must resume working together again. But in the remaining four years, he says, turbulence and quarrels are inevitable. In the long run, he's optimistic.

[Xu] China has to adopt the path of one country, two systems. The whole of Mainland China itself is changing.

[Luk] As an outsider now, Xu supports more democracy for Hong Kong, saying that the Basic Law can be changed after 1997 to fit Hong Kong's needs; and the preliminary working committee, he says, is too conservative. He's not surprised at all that some politicians formerly loyal to Britain have now switched allegiance, saying that this is reality. Xu is the highest-ranking Chinese official who ever fled the country. He says he'll return home when China's political horizon brightens up. Xu Jiutun hopes he can return to China one day. He holds a Chinese passport which expires in early 1995. In the meantime, he has to keep extending his visitor's visa every few months. Carmen Luk, TVB News, Los Angeles. [end recording]

Daily Reports on Death Sentences for 4 Officials
HK2708134893 Beijing RENMIN RIBAO in Chinese
27 Aug 93 p 4

[Report by reporter Wang Bixue (3769 3024 1331): "A Number of Economic Criminals Punished in Beijing"]

[Text] Beijing, 26 Aug (RENMIN RIBAO)—Today, Beijing municipal judicial authorities gave stern punishment to a number of criminals guilty of serious economic crimes. Luo Yuhai (5012 3768 3189), a clerk with the Bank of China head office, and five other criminals involved in embezzlement, bribe-taking, and misappropriation of public funds were sentenced to death, life imprisonment, or jail terms.

At today's sentencing rally, Luo Yuhai, a former clerk with the Inward Remittance Section of the Second Operation Department of the Bank of China head office, who embezzled [tan wu 6304 3964] over 2.52 million yuan from public funds and misappropriated [nuo yong 2180 3938] over 3.6 million yuan from public funds, was sentenced to death at the first trial. Wu Weidong [0702 5898 2639], former chief of the transportation section of the Materials Supplying Company of North China Joint Electric Corporation, who accepted bribes worth over 490,000 yuan, was sentenced to death at the first trial. Feng Lanfen [1409 5695 5358], former sales clerk of the Eighth Business Department of the Beijing Municipal Arts and Crafts Import and Export Group Company, who embezzled over 220,000 yuan from public funds, was sentenced to death at the first trial, with a two-year reprieve. Jiang Zhufeng [5592 3796 7685], a former member of the Beijing Municipal Foreign Economic Relations and Trade Committee, who accepted bribes worth a total of over 130,000 yuan and embezzled over 15,000 yuan from public funds, was sentenced to life

imprisonment at the first trial. The above-mentioned convicts were all subjected to permanent deprivation of political rights and confiscation of all their personal property. Zhong Xinghua [6988 5281 5478], a former cadre of the Fifth Department of the Beijing Municipal Public Security Bureau, who forged official documents and accepted over 36,000 yuan in cash and material bribes, was sentenced to a 14-year jail term with a two-year deprivation of political rights.

Guo Min [6753 1488], former unit leader of the Business Department of the China National Metals and Minerals Import and Export Corporation, Beijing Branch, who embezzled 980,000 yuan from public funds and accepted over 14,000 yuan in bribes, was sentenced to death with permanent deprivation of political rights and confiscation of all his personal property by the Beijing Municipal Intermediate Court on charges of graft, misappropriation of public funds, and bribe-taking. Guo lodged an appeal against the decision. The Beijing Municipal Higher People's Court rejected Guo Min's appeal at the second trial and, pursuant to the legal procedure, submitted the case to the Supreme People's Court for review. The other day, the Supreme People's Court approved the death penalty for Guo. Today, the Beijing Municipal Intermediate People's Court sent Guo to the execution ground under escort for execution.

Cases of Graft, Bribery More Severely Punished
OW2708084693 Beijing XINHUA in English 0724
GMT 27 Aug 93

[Text] Beijing, August 27 (XINHUA)—Chinese procurators' departments cracked down more severely on cases of graft and bribery in the first seven months of this year, with 27,923 such cases handled in that period, a senior procurator said today.

In dealing with these cases, 5,971 of which involved over 10,000 yuan, some 177 officials above county level, including five above city or departmental level and one vice-minister, have been detained and investigated for graft and taking bribes, the senior procurator said.

Liang Guoqing, deputy procurator-general of the Supreme People's Procuratorate, said that crimes of graft and bribery now involve larger sums of money and more party and government officials than previously.

More and more staffs working in judicial departments and economic management departments now participate in such crimes. "These people use their power to blackmail, demanding bribes, embezzling and pursuing private interests. Their activities have constituted a very negative influence on the whole of society," Liang said.

According to the deputy procurator-general, most economic crimes now take place in the hottest economic sectors, and are carried out by criminal gangs. "Criminals fleeing abroad with illegally acquired money occur from time to time," he said.

He also pointed out that crimes of graft and taking bribes are often intertwined with smuggling, producing and selling fake goods, tax evasion and other crimes.

"Corruption such as graft and bribery is now worse than at any other period since New China was founded in 1949. It has spread into the party, government administrations and every part of society, including politics, economy, ideology and culture," said Liang.

He claimed that his procurators' departments will further strengthen their investigation of "important" cases and cases involving large sums of illicit money.

"We will also treat seriously exposure of economic crimes by the masses," he concluded.

Twenty, Including One Vice Minister, Investigated
OW2708093393 Beijing XINHUA in English 0751
GMT 27 Aug 93

[Text] Beijing, August 27 (XINHUA)—Money illegally raised by the Beijing Changcheng (Great Wall) Machinery and Electronics Science and Technology Industrial Company has basically been returned to investors, a senior official from the Supreme People's Procuratorate said here today.

Luo Ji, who is in charge of the procuratorate's investigation of graft and bribery, told XINHUA that "deeper investigation" of the case is being undertaken.

"A total of 20 persons, including one vice-minister, have been detained and investigated by the procurators departments," Luo said. In the case of two people it was for graft, nine for bribery, four for covering up the illegal activities, two for embezzling public funds and three for dereliction of duty.

Luo revealed that a special meeting was held on August 17 by the Supreme People's Procuratorate. The meeting demanded that procurators' departments of the 18 provinces, municipalities and autonomous regions which are dealing with the cases of people believed to be involved in this affair, to speed up their investigations.

"Initial achievements have been gained, and quite a number of persons have been discovered. They will be detained and be further investigated soon," Luo said.

He said that both the Central Committee of the Communist Party of China and the Supreme People's Procuratorate are very serious about the investigation of the case, which will be "pursued to the very end."

Continuing NPC Standing Committee Session Reported

Agenda of Session Viewed

HK2708063693 Beijing RENMIN RIBAO in Chinese
24 Aug 93 p 1

[Report by Su Ning (3685 1337): "NPC Standing Committee to Hold Its Third Session 25 Aug"]

[Text] Beijing, 23 Aug (RENMIN RIBAO)—The Third Session of the Eighth National People's Congress [NPC] Standing Committee will open in Beijing 25 August.

Zhou Chengkui, spokesman for the General Office of Standing Committee of the Eighth NPC, said with regard to the items on the agenda: The "Draft Amendments to the Economic Contract Law of the PRC" and the "Draft Law Against Unfair Competition of the PRC" will again be submitted to the Standing Committee for deliberation.

Also on the agenda are: Deliberations on the "Draft Law of the PRC on Securities," the "Draft Law of the PRC on Protection of Consumers' Rights and Interests" submitted by the State Council, the "Amendments to the Law of the PRC on Personal Income Taxes," the "Draft Law of the PRC on certified Accountants," the "Draft Law of the PRC on the Red Cross Society," the NPC Standing Committee's "Draft Regulations on Intensifying the Inspection and Supervision of Law Enforcement," the "Motion on the Agreement Between the PRC and Cuba on Judicial Assistance in Civil and Criminal Cases" submitted by the State Council, and the "Motion on the Consular Treaty Between the PRC and the Ukraine."

The session will hear and examine a report by Chen Jinhua, minister in charge of the State Planning Commission, on the execution of the program for national economic and social development since the beginning of this year; a report by Finance Minister Liu Zhongli on the implementation of the state budget from January to July; and a report by Zhu Rongji, vice governor cum governor of the People's Bank of China, on the current financial situation and government policies and measures. The session will also hear a report by Minister of Justice Xiao Yang on implementation of the second five-year plan for enhancing the people's awareness of the law.

Again, the session will examine a report by the credentials committee on the examination of credentials of people's deputies to the Eighth NPC through elections and by-elections and the written reports on NPC Standing Committee Chairman Qiao Shi's visit to the five ASEAN countries, Vice Chairman Chen Muhua's visit to four Latin American countries, and Vice Chairman Tomur Dawamat's visit to five Central Asian Countries.

Draft Competition Law Considered

OW2708084393 Beijing XINHUA Domestic Service in Chinese 0956 GMT 26 Aug 93

[By reporter Zhang Yinshu (1728 6892 2562)]

[Text] Beijing, 26 Aug (XINHUA)—The third meeting of the Eighth National People's Congress Standing Committee held panel discussion meetings yesterday afternoon and this morning to deliberate the Draft Amendments to Economic Contract Law and the Draft Law on

Anti-Unfair Competition. Attending members commonly held that these two draft laws, after having been examined by the previous standing committee meeting and amended by the relevant authorities, have become basically mature and suggested that they be adopted by this meeting.

When examining the draft amendment to the Economic Contract Law, members said that China's economic situation had experienced great changes since the implementation of the Economic Contract Law 11 years ago. The draft amendment meets the needs of the development of the market economy and changes to the economic structure in China. The Economic Contract Law has been amended in a fairly comprehensive and complete manner this time, embodying the principle that the interests of the part must be subordinated to the interests of the whole and conforming with the requirements of being based on the national situation in China and of boldly absorbing and borrowing foreign experiences. The amendments, being purposeful, accurate, and feasible, are beneficial to protecting the legal rights and benefits of the parties involved in an economic contract, to maintaining the economic order of the society, and to safeguarding the healthy development of the socialist market economy.

When examining the Draft Law on Anti-Unfair Competition, the members held that the Draft Law on Anti-Unfair Competition is an important law for safeguarding the healthy development of the socialist market economy. The draft, which has been amended fairly satisfactorily after examination by the previous standing committee meeting, conforms with the national situation in China. With the development of the socialist economy market economy, competition will become increasingly severe. Therefore, it is increasingly important to maintain the order of fair competition by law. Such phenomena as utilizing administrative power and monopoly in practicing unfair competition and regional protectionism and using fake goods, kickbacks, and other means in illegitimate business competition are commonly found in our current economic life, and they are harmful to the healthy development of the socialist market economy. Therefore, the formulation of the Law on Anti-Unfair Competition is not only necessary but is also timely.

During their discussions, committee members also expressed some concrete amending opinions about these two draft laws.

Adopting 'Crucial' Economic Laws Urged

OW2608145093 Beijing XINHUA in English 1327
GMT 26 Aug 93

[Text] Beijing, August 26 (XINHUA)—Chinese legislators have proposed that two crucial economic laws—the draft amendment to the economic contract law and the draft anti-unethical competition law—be adopted as soon as possible, in order to facilitate the building of a socialist market economy. Members of the Standing

Committee of the Eighth National People's Congress (NPC), China's top legislature, made the proposal here today after having deliberated the two drafts in group discussion. The legislators, currently attending the third meeting of the Eighth NPC Standing Committee, said that the two drafts are "sound and feasible" after numerous revisions based on suggestions submitted by committee members, legal experts and departments concerned. The two drafts were initially considered at the second meeting of the Eighth NPC Standing Committee last month. The NPC Standing Committee members argued that the draft amendment to the economic contract law is a successful revision of the original law, which, having been in force for 11 years, falls short of meeting current demands. The draft amendment, which deals with problems that existed in the original law and tries to adapt to the demands of the socialist market economy, has "clearer and better clauses" concerning the responsibility of contractors and the solution of contracts disputes, they said. The legislators said that early adoption of the draft amendment would be conducive to protecting the interests of contractors and safeguarding social and economic order. On the draft anti-unethical competition law, the members said that the law is suited to China's reality and "basically feasible". The enactment of the law will help prevent government institutions from exercising trade monopolies and regional protectionism, they maintained. The legislators also suggested revisions to the two drafts.

Securities, Consumer Draft Laws Viewed

OW2708134293 Beijing XINHUA in English 1247
GMT 27 Aug 93

[Text] Beijing, August 27 (XINHUA)—Chinese legislators proposed in a group discussion here today that the draft securities law and a draft law for the protection of consumer rights and interests be adopted as soon as possible.

The legislators, attending the Third Session of the Eighth National People's Congress (NPC) Standing Committee, stated that the two laws, once enacted, will play very important roles in perfecting China's legal system as regards economic matters.

Tao Aiying said in the discussion that it is high time for the state to standardize the securities markets by enacting a securities law.

According to him, securities trading has been developing rapidly in recent years. However, problems have cropped up one after another as there is no specific law governing the operations of securities markets.

Tao applauded the draft law for its explicit and concrete regulations and urged its speedy adoption, together with the corporation law, so as to provide a legal basis for share purchasing as stipulated in the draft.

Economist Liu Guoguang said that the draft securities law concentrates too much on the shares put onto

markets by limited companies, and is far from being comprehensive enough to govern other securities operations.

Huang Yuzhang stated that since securities markets have just started in China, people know little yet about their nature or their weaknesses. So it is necessary to make a concrete securities law in a bid to guide securities trading and avoid negative impacts.

The members attending the discussion also voiced their opinions on such matters as the setting up of the State Administrative Securities Commission, legal responsibility and rules forbidding government officials from engaging in stock trading.

Also during the discussion, the draft law on the protection of consumer rights and interests aroused a heated debate among the NPC Standing Committee members. Many of them held that the penalties against sellers of fake and shoddy goods are far from being effective.

According to Cai Zimin, the draft law pays great attention to the protection of consumers' health and personal safety but is not vigorous enough in checking the sales of fake and shoddy goods.

The members proposed other revisions as regards the responsibilities of consumers' associations, demarcation of damages or losses suffered by consumers and penalties.

Li Peng Signs State Council Decree on Three Gorges

OW2708043993 Beijing XINHUA Domestic Service in Chinese 2108 GMT 26 Aug 93

[Text] Beijing, 27 Aug (XINHUA)—Decree No. 126 of the State Council of the People's Republic of China

"Regulations Governing Migration for the Three Gorges Construction Project," adopted by the sixth Executive Meeting of the State Council on 29 June 1993, are hereby promulgated and become effective on the day of their promulgation.

[Signed] Premier Li Peng

[Dated] 19 August 1993

Experts, Scholars Call For Law on Lawyers

OW2608114193 Beijing XINHUA in English 0753 GMT 26 Aug 93

[Text] Beijing, August 26 (XINHUA)—Chinese scholars and experts on law urged here today that a special law on lawyers should be formulated as soon as possible, to put China's system of lawyers onto a firm legal basis.

They put forward this proposal at a seminar on the 13th anniversary of the enforcement of the temporary regulations on lawyers, which was adopted and put into effect in 1980 by the Standing Committee of the National People's Congress, China's legislature.

The temporary regulations now lag far behind the real situation, according to the scholars and experts. They hold that successful experience gathered by Chinese lawyers over the past 13 years also need to be codified in a legislative form.

The vice minister of justice, Zhang Geng, said at the seminar that his ministry plans to set up the initial system of laws and regulations concerning lawyers, which will be in accordance with the socialist market economy.

At present, China has some 50,000 lawyers, and 4,200 lawyers' offices. Foreign lawyers' offices have established 19 agencies on the Chinese Mainland, and one Chinese lawyers' office has opened an agency in the United States.

Chinese lawyers have defended more than two million criminal cases, 2.1 million civil cases and more than 800,000 other legal matters, according to figures issued here.

Participants of the seminar also pointed out that inadequacy in number and low quality are the two most prominent problems facing Chinese lawyers, and their legal rights and social status still need to be further protected and enhanced.

China's Ministry of Justice has a plan to expand the number of lawyers to 150,000 by the end of the century, three times the current total.

Senior Chinese leaders have publicly said several times in the past that China needs at least 300,000 lawyers.

HK, Macao, Taiwan People Allowed To Take Bar Exams

HK2508035593 Beijing ZHONGGUO XINWEN SHE in Chinese 1316 GMT 22 Aug 93

[By reporter Lu Junjun (7120 8823 8823): "Mainland Will Allow People in Taiwan, Hong Kong, Macao To Obtain Lawyer Qualifications Through Passing Exams"]

[Text] Beijing, 22 Aug (ZHONGGUO XINWEN SHE)—Lan Quanpu, director of the Taiwan Affairs Office of the Ministry of Justice, said in a recent interview with ZHONGGUO XINWEN SHE that China will allow people from Taiwan, Hong Kong, and Macao to attend the mainland's lawyer qualifications examinations, and those who pass the exams will obtain qualifications as mainland lawyers.

With the in-depth development of cross-strait exchanges in all fields, the exchanges and cooperation in the law circles have become particularly important. It has been learned that many Taiwan people have an interest in acquiring qualifications as mainland lawyers, and hope to run law firms or run law firms jointly with their mainland partners inside the mainland. Therefore, the Ministry of Justice decided that people from Taiwan, Hong Kong, and Macao are allowed to attend the 1993

lawyer qualifications examinations. The concrete arrangements are being considered and drafted.

Now, some 50,000 people in the mainland have acquired lawyer qualifications. The nationwide lawyer qualifications examinations are held every two years. Each time, about 80,000 people take the exams.

Beginning next year, the law exams reportedly will be changed from once every two years to once every year.

Sixth 'Pen Talk' on Studying Deng Theory

*HK2308083293 Beijing RENMIN RIBAO in Chinese
13 Aug 93 p 5*

["Pen Talk on Arming the Whole Party With Comrade Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics" by Long Xuan (7893 6513), contributed by the Heilongjiang Provincial CPC Committee: "On the Political Guarantee for Socialist Construction—Sixth in a Series of Articles on Studying Comrade Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics"; the fifth "Pen Talk" in the series on Deng's theory was published in the Political & Social section of the 2 August China DAILY REPORT, pages 14-17, under the headline "Fifth 'Pen Talk' on Studying Deng Theory"]

[Text] The issue of politically guaranteeing socialist construction is an important component of the theory on building socialism with Chinese characteristics. A series of expositions that Comrade Deng Xiaoping has made on this issue has vital immediate and far-reaching guiding significance for upholding and developing the four cardinal principles in the new practice.

Sticking to the Four Cardinal Principles Is the Fundamental Precondition for Realizing the Four Modernizations

A long time ago, when directing against the erroneous ideological trend of doubting and opposing the line of the Third Plenary Session of the 11th CPC Central Committee, which emerged in society shortly after the session ended, Comrade Deng Xiaoping said: "To achieve the four modernizations in China, we must stick to the four cardinal principles both ideologically and politically. This is the fundamental precondition for realizing the four modernizations." Later, in light of the new requirements under the new situation, he again expounded the importance of sticking to the four cardinal principles from different angles.

The four cardinal principles are fundamental to the building of a country and the guarantee for the healthy development of reform, opening up, and the drive for modernization. First, the CPC's leadership and the fact that only socialism can save and develop China are the historical conclusions which the Chinese people have drawn with their personal experience for more than 70 years from the May 4th Movement (1919) up to now. If capitalism is practiced in China, there will certainly be a

wide gap between the rich and the poor, polarization will occur, and the vast majority of people will lose their jobs and sink into the abyss of poverty and privation. They will not be able to have adequate food and clothing, to say nothing of achieving "moderate prosperity." Second, the four cardinal principles are the starting point and foothold of our party in formulating various principles and policies regarding reform, opening up, and modernization. Reform and opening up are the road toward building a powerful country. Without the practice of reform and opening up, there will not be an outlet for China; nor will there be any hope for the modernization of our country. But, reform, opening up, and modernization must be guided by the four cardinal principles. Because the reform and opening up in which we are engaged is aimed at emancipating and developing the productive forces and realizing socialist modernization, such reform and opening up represent self-perfection and development under the socialist system, and they do not negate the basic system of socialism. Just as Comrade Deng Xiaoping repeatedly stressed: "The four modernizations in which we are currently engaged are four socialist modernizations rather than other kinds of modernizations. Our policies on opening up, revitalization, reform, and so on are all aimed at developing the socialist economy." Finally, the four cardinal principles are the political guarantee for the healthy development of reform, opening up, and modernization. Being complicated and systematic work and a great cause without precedence, reform, opening up, and modernization will inevitably meet with many difficulties and problems. To resolve and overcome these difficulties, there must be a solid political foundation and powerful spiritual pillar to rally the entire nation and people. In China, only the four cardinal principles can play this role, because they not only determine the basic nature of China's society, safeguard the fundamental interests of the entire people, provide a solid political foundation for the country's stability and unity, but also stipulate the position and function of the Communist Party and Marxism in the country, thereby defining the force at the core and the ideological foundation for the unity of the entire party and the people.

The four cardinal principles are not ossified and immutable dogmas, but have acquired new substance following the in-depth development of practice in the areas of reform, opening up, and modernization. First, by summing up historical experience to further the understanding focused on what socialism is and how it should be built, the party gradually explored a development road of building socialism with Chinese characteristics and put forth a series of scientific theses as below: China is in its initial stage of socialism; the innate character of socialism is to emancipate and develop the productive forces, to eliminate exploitation and polarization, and to eventually achieve common prosperity; the fundamental mission of socialism is to develop the productive forces; in the initial stage of socialism, the ownership structure and distribution mode with public ownership and distribution according to work as the main body and other

economic sectors and distribution modes as supplements are practiced; as planning and market are both economic means, it is imperative to establish a socialist market economic structure; the socialist spiritual civilization is a major characteristic of socialism, and so on. Second, having acquired fresh understanding of the meaning of the people's democratic dictatorship, our party put forward: The people's democracy is the essential demand and intrinsic property of socialism, because there will not be socialism and socialist modernization without democracy and the legal system. It is necessary to repeatedly perfect the system of multi-party cooperation and political consultation under the leadership of the Communist Party and to solidify and develop the united patriotic front in the new period. It is necessary to seriously heed the construction of the legal system, intensify legislative work, and deliberately amplify and perfect the socialist legal system. Third, in order to solidify and enhance the party's ruling position, the party central committee particularly stressed the importance of improving party leadership and definitively proposed: Party leadership is an organic unity of leadership politically, ideologically, and organizationally; the party should conduct activities within the framework of the Constitution and law; and the party should stick to the principle of collective leadership and division of work with individual responsibility and should uphold and perfect the system of democratic centralism. In the new historical period, we should administer the party with strict discipline, resolutely oppose negative and corrupt phenomena inside the party, and intensify the building of a fine party style and honest administration. Fourth, our party pursues the ideological line of emancipating the mind and seeking truth from facts, has achieved the second historic leap of integrating Marxism with China's practice, and has founded the theory of building socialism with Chinese characteristics, thus relatively systematically and initially answering for the first time a series of basic questions concerning how to build socialism and how to consolidate and develop socialism in a country such as China, which is comparatively backward in economy and culture, and inheriting and developing Marxism with new ideas and viewpoints.

It Is Necessary To Always Stick to the Four Cardinal Principles in the Entire Course of Reform, Opening Up, and Modernization

Practice has proven that, throughout the course of reform, opening up, and modernization, there exists an erroneous ideological trend of opposing and negating the four cardinal principles from both the "leftist" and rightist tendencies. The "leftist" erroneous ideological trend is primarily manifested in negating reform and opening up and treating the four cardinal principles with ossified and closed perceptions and attitudes. In light of this "leftist" erroneous ideological trend, if we do not emancipate our minds, proceed from reality, and correct the dogmatic, distorted, and unjustifiable understanding of the four cardinal principles with the standard of "three beneficial's," we cannot really adhere to the four cardinal principles in a proper way, and our so-called

adherence is only adherence in form but deviation in reality. The rightist erroneous ideological trend is primarily manifested by bourgeois liberalization—negating the socialist system and advocating the capitalist system, which in fact is aimed at thoroughly negating the four cardinal principles. Before China strides into the ranks of the economically developed countries and achieves the goal of modernization, this ideological trend of bourgeois liberalization will exist for a long time and will interfere in our process of reform, opening up, and modernization. Therefore, "there will be the issue of combating bourgeois liberalization throughout the entire course of the four modernizations." If we do not oppose and guard against the ideological trend of bourgeois liberalization and instead permit it to spread uncontrolled, our cause will be assaulted and thrown into confusion, and there may even be a turmoil in China, which will directly undermine reform, opening up, and modernization. For this reason, we should not only realize the protracted nature of the struggle against bourgeois liberalization but should have a clear-cut stand and resolute attitude in the struggle.

The struggle against bourgeois liberalization will be protracted, which calls on us to apply correct methods in the struggle. First, instead of launching a political movement, we should stick to the principle of conducting prolonged education and checking erroneous ideas at the outset. Comrade Deng Xiaoping pointed out: Opposing bourgeois liberalization is a matter of prolonged education. We should consistently educate the people with the four cardinal principles; that is, we should extensively conduct education on patriotism, collectivism, and socialism among all party members and the people, particularly among the youngsters; and should persist in grasping the two civilizations simultaneously so that the four cardinal principles will take root in the vast number of cadres and masses to deliberately eliminate the influence of bourgeois liberalization. However, this does not rule out the possibility of taking resolute measures to check bourgeois liberalization in good time once the ideological trend begins to show symptoms or is flooding in. Second, bourgeois liberalization is a political concept with strict and specific implications, so we must not regard some problems in ideological understanding and errors in work practice as bourgeois liberalization. Finally, to stick to the four cardinal principles and at last eliminate the soil that breeds bourgeois liberalization, we should mainly depend on our development. Only by repeatedly pushing forward reform and opening up, vigorously developing the social productive forces, boosting economic construction, and expediting the process of socialist modernization can we thoroughly get rid of the ideological trend of bourgeois liberalization that suspects and opposes the four cardinal principles. Just as Comrade Deng Xiaoping pointed out: Our struggle against bourgeois liberalization is a "process of struggle as well as a process of persuasion and education, but, to ultimately succeed in persuading those who do not believe in socialism, we must depend on our development. If we can attain the level of moderate prosperity

within this century, then we will make them calm down a little. When we successfully build China into a moderately developed country in the next century, we will have them persuaded to a considerable extent, and a great majority of them will truly understand their mistakes."

Construction and Reform Require a Stable Political Environment

In order to ensure the smooth progress of reform, opening up, and modernization, we must have a stable political environment. Just as Comrade Deng Xiaoping pointed out emphatically again and again: It is impossible for China to realize the four modernizations drive and shake off backwardness without a stable and united political situation.

In order to solidify and develop a stable and united political situation and maintain good social order, we must stick to the principle of "paying attention to construction on one hand, and to the perfection of the legal system on the other" and must resolutely crack down on various kinds of criminal activities in accordance with the law. We should note that, in the course of transforming the new and old economic structures and due to historical and realistic reasons, the ideological trends of money worship, pleasure-seeking, and extreme individualism have come into being and have spread in some localities and among some people. Under these circumstances, various kinds of serious criminal cases have occurred occasionally, and the ugly phenomena that have disappeared for a long time are also reviving and even running wild. If we leave them unchecked and let them grow freely, they will certainly jeopardize the interests of the great majority of the people and endanger the overall situation of the modernization drive. Therefore, we must deal resolute blows to various criminal activities using the law as our weapon. In particular, we must take the serious economic crimes and corrupt phenomena as the focal points of the crackdown. Moreover, we must mobilize and coordinate with forces from various quarters of society to persistently carry out the comprehensive management of public security. Only by exercising effective dictatorship over a handful of criminals who have been disrupting the socialist order can we fully protect the democratic rights of the broad masses, safeguard the socialist system, ensure the safety of the people's lives and properties, and maintain social stability.

To solidify and develop a stable and united political situation and to maintain good social order, it is also necessary to correctly handle the contradictions among the people under the new situation. Under the new historical condition of accelerating reform, opening up, and modernization, correctly handling the contradictions among the people, arousing all positive factors, and transforming the negative factors to positive ones, are the main subjects of current social and political life in our country as well as the essential conditions for maintaining social and political stability. As everyone knows, reform and opening up are profound social changes and, judging from the width and depth of the social changes

they have brought about, they are undoubtedly a revolution. Being a revolution, there are sure to be significant adjustments and changes of interest relations among various parties, thereby inevitably giving rise to numerous new contradictions. If we fail to handle these contradictions in a correct manner, they will affect further in-depth reform and wider openness as well as the incremental establishment of the socialist market economic structure. In particular, it is all the more necessary for us to pay adequate attention to the contradictions among the people concerning material interests and the ideological conflicts arising from them; otherwise, social stability and political power consolidation will be affected and, furthermore, the process of reform, opening up, and modernization will also be affected. First, in view of the objective fact that the contradiction concerning material interests among various principal parties and in various areas has become a major prominent one at present, we should adopt various measures to gradually establish a pattern in which those who become prosperous first should contribute to the prosperity of those who lag behind so as to achieve common development, while adhering to the policy of encouraging some areas and people to get rich first through honest labor. On the basis of economic development, we should deliberately narrow economic disparities between different areas, units, and principal parties and should try our best to avoid the problems of unfair distribution due to uneven opportunities in the course of structural transformation. Second, in view of certain disorderly phenomena that have emerged in the economic sphere following the transformation of new and old structures, we should further intensify the legal system, enhance the government's macroeconomic regulation and control, and strictly standardize the economic activities of different main parties so that economic life will be legalized. Third, in view of the fact that the conflict between leading cadres and the masses has become a manifestation of contradictions among the people under the present circumstances, we should strengthen party building, eliminate bureaucratism and the bureaucratic style existing in some personnel who are working in party and government organs at all levels, enhance the awareness and ability of leading cadres at all levels to serve the people, build closer ties between the party and the people, and maintain the hard-won political situation of stability and unity, thereby repeatedly pushing forward the process of reform, opening up, and modernization. In particular, party and government leaders at all levels should seriously heed the issue concerning how relations between the government and the vast number of peasants should be handled appropriately. Finally, in view of the complicated causes that have led to the present contradictions among the people, we should, on the basis of persisting in the in-depth reform and wider openness unflinchingly, and take careful, multiple measures, including ideological education, administrative means, economic means, and legal means to suit the remedy to the case, so that various kinds of contradictions will be properly resolved in their embryonic stages.

In a bid to consolidate and develop the stable and united political situation, apart from doing well the above work in two aspects, we should also try hard to strengthen the building of socialist democracy, legal system, and spiritual civilization, conscientiously do two types of work simultaneously with equal importance attached to both, and make great efforts to appropriately resolve all other problems that have an impact on the political stability in society.

Article Urges New Methods Against Pornography

HK2508120993 Beijing GUANGMING RIBAO in Chinese 6 Aug 93 p 5

[Article by Chen You (7115 0645): "New Trends in 'Wiping Out Pornography and Cracking Down on Illegal Publications'"]

[Text] Regarding the gossip on "wiping out pornography and cracking down on illegal publications" today, one point of view is that increasingly vulgar pornographic publications are proliferating in China despite continuous efforts in wiping out pornography; while in "the crackdown on illegal publications," those who are involved in such undertakings take flight as soon as any crackdown begins. The expression "taking flight," which is homonymous to "illegal," has the implication of "sparrow warfare," a form of guerrilla warfare characterized by taking flight when under attack, and coming back as soon as the enemy retreats. That statement seems to have a sense of black humor.

What is the actual situation?

Figures provided by an authoritative source show that based on incomplete statistics, during the period between August 1989 and March 1993, some 91.7792 million copies of contraband books and periodicals, along with 5.5531 million audio and video tapes had been seized or sealed up for safekeeping, some 3,520 criminal dens producing and peddling pornographic articles and illegal publications destroyed; some 50 licenses to operate in books and periodicals or audio and video tapes revoked; 8,201 stalls operating in illegal books and periodicals banned; 13,800 stalls operating in illegal books and periodicals and audio and video tapes investigated and dealt with; some 10,000 cases of various descriptions uncovered; 85,300 law-breakers apprehended; fines of over 10 million yuan meted out; and some 800,000 copies of smuggled imported contraband publications uncovered and confiscated. These solemn and dry figures show the marked results in "wiping out pornography and cracking down on illegal publications" over the past few years as well as the arduousness and urgency of work in this field.

Through work in "wiping out pornography and cracking down on illegal publications" conducted in the form of the campaign that has invariably taken place "at the turn of winter and spring" every year since 1989, we may conclude that the publications market, as an important component of the socialist market economy, is in a

process of continuous purification, and its main current is healthy and prosperous. However, we should see at the same time that the existing problems are comparatively serious, especially that the activities in illegal publication remain quite rampant. What is the crux of success in "wiping out pornography and cracking down on illegal publications" today? We believe that the crux lies in presenting new methods by grasping the new characteristics.

What are the new characteristics in the production and peddling of pornographic articles and illegal publications?

Viewing the contents of "pornographic" and illegal publications, we found:

1. An increase in erotic and obscene contents to a more serious degree. From the illegal publications seized, we learned that there was a rise in the proportion of publications in this category. The bulk of such books and periodicals was of extremely low taste and, from their titles, covers, illustrations and contents, not fit to be read. The books *Playgirl*, *Merry Maid*, and *The Debauched Lady*, discovered in Hubei; *Direction of Passion* discovered in Hunan; and *Adventures of a Playgirl*, uncovered in Guangdong, were all filled with extremely filthy descriptions of sex from the first to the last page; furthermore, no names of authors or publishing units were given. They were out-and-out pornographic and illegal publications.

2. A number of books and periodicals banned in the past were dished up again in new forms. For example, the book entitled *Revenge of a Movie Star*, published under the name of the Qinghai People's Publishing House, was actually a refurbished version of the obscene book *Rosy Dream*; only the nationality of the hero was changed from American to Japanese, while the plot was a copy of the original. As another example, the book *Tiger Man, Leopard Woman* by Toshiyuki Nishimura was banned in the past; however, it was reprinted under the new title *A Tramp and a Hitman*, and circulated through an underground network.

3. An increasingly greater volume of contents involving sensitive political and social issues were carried in some illegal publications. Although the quantity of such publications was insignificant, the effects were extremely bad; there were serious mistakes in their political tendencies, which created confusion in people's minds, jeopardized social stability, and impeded the overall situation of economic construction, reform and opening up.

4. Illegal publications propagating feudalism and superstition have increased somewhat. For example, the book entitled "Do-It- Yourself Fortune Telling," published under the name of Qunzhong Publishing House, managed to patch together voluminous superstitious contents, including face and palm reading, residential geomancy, card-reading fortune telling, and do-it-yourself fortune telling. Books discovered in Shanxi and Hebei,

such as *Taoist Magic Incantations for Peace and Security and the Suppression of Evil Spirits in One's Residence*, *Treasured Private Copy of a Thousand Ways To Achieve One's Purpose*, *A Unique Way To Flee Disasters*, and *The Book of Prophecy*, were invariably a comeback of the dross in Chinese feudal culture.

Viewing the methods of the activities in illegal publications, we found:

1. **Mixing of the spurious with the genuine by assuming the name of official state-owned publishing units, hoisting the banner of being legitimate.** The publishing houses whose names were being assumed were mostly those in the old revolutionary, minority nationality, border, and poverty-stricken areas. Some arbitrarily published so-called additional issues, special issues, book series, or selected collections, extracts, or bound volumes in the name of legitimate newspapers and periodicals.
2. **Assuming of the names of some publishing, circulation, and printing units that did not even exist, and some fabricated publishing units in Hong Kong, Macao and Taiwan, and in some cases the printing of the name of the printing shop in Latin alphabet to achieve the purpose of mixing the spurious with the genuine.**
3. **Assuming of the names of some abolished publishing houses, or offices of periodicals and newspapers which had already been suspended, to reprint some best-sellers, which were put on the market to reap staggering profits.**
4. **Registered numbers of books, periodicals, and editions bought under the pretext of publication in cooperation to create loss of control over some links in administration; thus some publications of low taste were legitimately put on the market under this umbrella.**
5. **Peddling openly with the sole purpose of making a profit.** Such publications were peddled and hawked on such transportation means as trains, buses, and boats, at street corners and even on stalls set up in downtown areas at dusk and in the evening, without any misgivings.
6. **Avoiding of inspection, committing crimes in secret.** To avoid inspection, law-breakers brought manuscripts to suburban areas or border areas between two provinces to make arrangements for printing in several places simultaneously, but circulated them in another locality, and the goods were delivered anonymously.

Viewing the methods of lawbreakers in committing crimes, we found:

1. **Secretive actions, and committing crimes in gangs.** Past actions characterized by some loners "going it alone" in committing crimes was replaced by gang action. Law-breakers made contacts in secret, organized underground networks comprising several, a dozen or so, or even some 100 participants, and formed a whole range of "editing, printing, and circulation." There was division of labor among the members in those networks; they had "plans"

in committing crime, with "rules and regulations" to abide by in action, "passwords" for liaison, and "discipline" for sanctions.

2. **Working in collusion with some officials, committing crimes by joint action.** To find an "umbrella" and seek a "green light" for illegal publications, some lawbreakers colluded with some weak-minded persons of related administrative organizations, publishing houses, and printing shops by hook or by crook, and offered bribes to make dirty deals, with registered book numbers, account numbers, checks, letters of recommendation, and identification cards provided. When such cases were uncovered, those involved made things very difficult for the administration, and even presented various false evidence.
3. **Unscrupulously committing crimes despite tightening of control.** Lawbreaking book dealers adopted the strategy of "persisting in one's own way despite all actions in wiping out pornography and cracking down on illegal publications; one would make a fortune, should one escape the arm of the law; even if one should get caught, one would find ways to get away with it." They made use of all sorts of information, had a grasp of the law governing the unified action in "wiping out pornography and cracking down on illegal publications," took advantage of the loopholes in the time for unified action, and played hide-and-seek with the administration, while engaging in activities of illegal publication in a big way in remote suburban areas.
4. **Sly means and modern equipment in committing crimes.** They were equipped with modern equipment in telecommunications and vehicles, such as beepers, walkie-talkies, and even cellular phones, and cars. When they committed a crime, they would hire a car, or take a plane, going to a new place as soon as a job was done, and crimes were committed rapidly on the move from one province to another.

In view of the new characteristics surfacing in the activities of "producing and peddling pornographic articles" and illegal publications, our work in "wiping out pornography and cracking down on illegal publications" should be unfolded by aiming at such new characteristics; efforts should be made to hit the vital points, with a definite object in view; while adopting unified action, it is necessary to rely on the method of comprehensive improvement, and augment constant control over the market in books, newspapers and periodicals.

Album on Mao Zedong's Life, Work Published
OW2708113793 Beijing XINHUA in English 0917
GMT 27 Aug 93

[Text] Beijing, August 27 (XINHUA)—A large album of the late Chairman Mao Zedong has been published recently.

The album includes more than 200 pictures depicting the work, daily life and leisure of the founder of the People's

Republic of China between 1950 and 1964. Many of the pictures are now published for the first time.

Lu Houmin, the photographer, had been a professional cameraman for senior Chinese leaders during the '50s and '60s.

The album is compiled by the Central Party School Publishing House in Beijing and printed by the Shenzhen Modern Color Printing Company Ltd. in south China's Guangdong Province.

Science & Technology

Government Studies 'Soft Science' Program

OW2608131893 Beijing XINHUA Domestic Service in Chinese 0328 GMT 18 Aug 93

[By reporter Yang Ning (2799 1337)]

[Text] Beijing, 18 Aug (XINHUA)—It was learned from the State Science and Technology Commission recently that, in fiscal year 1993, the state's soft science program will focus on studying measures for coping with the impacts which the establishment and development of a socialist market economy and the reinstatement of China's GATT membership will have on China's economic, scientific, and technological development; new ideas for scientific and technological reform and development under a socialist market economy; the strategy and planning for regional development in key areas; and policies for industrial development and major technological projects.

The study of establishing and developing a socialist market economy mainly includes: the goal, operating mechanism, and basic framework of a socialist market economy; the construction and development of China's policy-making, consultative, and supervisory systems; and supplementary economic, scientific, technological, and educational reforms for the construction of a socialist market economy.

Studies on the impacts brought about by the reinstatement of China's GATT membership on the nation's economic, scientific, and technological development and countermeasures mainly include measures for counteracting the impacts on China's primary, secondary, tertiary, and high-technology industries as a result of the reinstatement of GATT membership; the challenges and opportunities brought about by reinstatement of GATT membership on the nation's scientific and technological development; and the relationship between the reinstatement of GATT membership and the establishment of a system which protects intellectual property rights in China.

The study of the reform and development of scientific and technological undertakings under a socialist market economy will focus on the following aspects: designing a basic framework of a scientific and technological management system which facilitates the development of a

socialist market economy; designing a system facilitating the restructuring of scientific and technological management; designing and building the state's macrocontrol system for scientific and technological undertakings; studying the operating mechanisms for state-owned scientific and technological organizations; building and developing a technological market system; building and developing a legal system which facilitates scientific and technological development; studying policies for promoting scientific and technological services; and studying ways and means by which scientific and technological institutions can gradually become market-oriented enterprises.

The study of regional development mainly includes the study of: promoting economic development along the coastal corridor by building a Pudong-Chongmingdao-Nantong passageway crossing the Chang Jiang and a Yantai-Dalian passageway crossing the Bo Hai; developing a high-technology industrial belt in China's Silicon Valley—areas along the Beijing-Tianjin-Tanggu super highway; regional cooperation and development along the Tumen Jiang; the strategy for opening and developing the Mekong River valley; the strategy for developing areas along the new Asian-European continental bridge; study the opening of the Chang Jiang basin to the outside world and promoting its economic development through the development of high-technology industries; and promoting economic and technological cooperation and development among China, Japan, and Korea in the Huang Hai and Bo Hai areas.

The study of policies concerning industrial development and major technological projects includes the study of a development strategy for building high-definition television sets and an initial study of the construction of Beijing-Shanghai high-speed railway.

The study of these subjects has gradually started.

Jiang, Li Peng Write Inscriptions on Torch Plan

HK2608031693 Beijing RENMIN RIBAO in Chinese 20 Aug 93 p 1

[By Xiang Dong (0686 2639): "Fruitful Results in Implementing the Torch Plan Over the Past Five Years; Jiang Zemin, Li Peng Write Inscriptions"]

[Text] Beijing, 19 Aug (RENMIN RIBAO)—An exhibition on the fruits of China's Torch Plan and new and high technology products has opened at the China International Exhibition Center today. State President Jiang Zemin and State Council Premier Li Peng wrote separate inscriptions for the fifth anniversary of the implementation of the Torch Plan. Jiang Zemin's inscription reads: "Develop new high technology industry; promote the change to commodities, industrialization, and internationalization of scientific and technological results." Li Peng's inscription reads: "Develop new high technology industry; promote economic prosperity." Vice President Rong Yiren cut the ribbon at the opening ceremonies of

the exhibition. Wu Jiaping, Song Jian, and Qian Weichang participated in the opening ceremonies today.

In August 1988, the Torch Plan began to be implemented, with the State Council's approval. The purpose of the plan was to build and develop China's new high technology industry, and to promote the change to commodities, industrialization and internationalization of new high technology products. By the end of 1992, projects in the Torch Plan had numbered 3,848 across China, of which 1,214 were at national level and 2,634 were at various local levels. The gross industrial output value realized was 19.89 billion yuan last year, and profits and taxes realized were 2.51 billion yuan, bringing in \$550 million in foreign exchange. In addition, with the State Council's approval, 52 new high technology industrial development zones have been set up, one after another. As of today, new high technology enterprises number 5,569 in the development zones.

Presented in the current exhibition are approximately 3,500 projects and products of some 1,500 enterprises recommended by 43 provinces, autonomous regions, municipalities, and cities with single listing in the national plan.

Spokesman Briefs Reporters on Space Plans

Plans To Export Satellites

OW2708103393 Beijing XINHUA Domestic Service in Chinese 0852 GMT 24 Aug 93

[By reporter Xu Jingyue (1776 0079 6460) and correspondent Li Weijia (2621 4850 0857)]

[Text] Beijing, 24 Aug (XINHUA)—A spokesman for the China Astronautics Industry Corporation told reporters in Beijing today that since the date when the China Great Wall Industrial Corporation and the Hughes Space and Communications Company issued a joint statement concluding an investigation on the malfunctioning of the Optus B-2 satellite, the first batch of contracts signed by China with foreign countries for its commercial launching services have all been fulfilled. This marks the first firm step taken by China's space industry forward into the international market and means that China's international commercial launching work has entered a new stage.

This spokesman said: China began its international commercial launching service in the excellent situation of reform and opening up, and the service is an activity suitable for a socialist market economy. When the Chinese Government announced its marketing of the Long March series of carrier rockets on the international market in 1985, this market had actually been monopolized by a handful of space countries. Over eight years' of struggle and effort, we have successfully fulfilled the first batch of contracts to launch foreign-made satellites and have, from beginning to end, complied with the three agreements signed by the governments of the United States and China, as well as agreements signed by the

Chinese Government with the Swedish and British Governments. This has won us trust and praise from our international customers. Although some attempts have been made to obstruct and hinder China's space industry from entering the international market during this period, facts have proven that they have all been in vain.

Speaking on work at this new stage of the international commercial launching service, the spokesman said: Presently, a series of new contracts on international launching services are being implemented, and some contracts are under negotiation. It is estimated that the China Great Wall Industrial Corporation and its commercial cooperation partners, the China Academy of Launch Vehicle Technology and the Department of China Satellite Control Systems, will launch about 25 to 30 foreign-made satellites of various kinds between 1994 and 2000. Thus, the production of the Long March series of carrier rockets will turn from single production to small-batch production, which has a certain economy of scale, and is therefore becoming an industry gradually. In the meantime, the China Research Institute of Space Technology will strive to raise its level of satellite technology and the satellite performance/price ratio with a view to exporting China's first satellite by the year 2000. At that time, China will be able to launch satellites for its foreign customers, as well as offering satellites in designated orbits, with China-built carrier rockets and satellites, and China's space industry will become even more vigorous in the international market for commercial launching services.

This spokesman noted: China's development of its space technology industry, including carrier rockets and spacecraft, is mainly aimed at meeting the needs of the national economy, the modernization of national defense, and the growing demands of the people's material and cultural life. With its additional strength, China's undertaking of international commercial launching services and satellite cooperation is a supplementary benefit to the international market, offering a new choice for international customers. In the meantime, it is also China's responsibility and obligation to bring benefits to mankind through the development and use of resources in outer space for peaceful purposes.

Industry Takes Marketing Step

HK2508150693 Beijing ZHONGGUO XINWEN SHE in English 1259 GMT 24 Aug 93

[Text] Beijing, August 24 (CNS)—A spokesman for China Aeronautic Industrial Corporation, speaking to reporters today, said that the international commercial satellite launching service by China's space industry had entered a new phase and any attempt to obstruct or stop China's space industry from entering the international market was of no avail.

The spokesman said that since the time when the Great Wall Industry Corporation of China and the American Hughes Space and Communications Company issued a joint statement on the results of the investigation of the

Optus B-2 satellite's malfunctioning, the first batch of contracts signed by China with foreign countries on commercial launching had all been completed, meaning that China's space industry had taken a firm first step forward into the international market and that its commercial launching service had entered a new phase.

According to the spokesman, a number of new contracts on such business are now being implemented and another batch of such contracts are under negotiation. It is predicted that the Great Wall Company will launch 25 to 30 satellites of various kinds for its foreign customers between 1994 and the year 2000. The production of the Long March series of carrier rockets will turn from single production to small-batch production and at the same time, China will strive to raise the technological level of its satellites and their performance in order to realize the export of satellites before the turn of the century. At that time, China's space industry will become more vigorous.

According to the spokesman, China is a developing country and the development of its space industry including carrier rockets and spacecraft is mainly aimed at meeting the needs of the national economy, the modernization of national defence and the growing demands for people's material and cultural life. And with its spare strength, China's undertaking of international commercial launching service and other cooperation is a supplementary benefit to the international market, offering a new choice for international customers. In addition, China sees itself as having a responsibility and obligation to bringing benefits to mankind through the development and use of the resources of outer space for peaceful purposes.

'863' Plan Promotes High Technology Application

OW2608112793 Beijing XINHUA Domestic Service in Chinese 0844 GMT 16 Aug 93

[By reporters Yang Zhaobo (2799 0340 3134) and Yang Ning (2799 1337)]

[Text] Beijing, 16 Aug (XINHUA)—According to the State Science and Technology Commission, China's "863" plan, which was put into effect six years ago, has stimulated the development of related sciences and promoted the application of advances in high technology in related areas.

It has been learned that the "863" plan is China's intermediate and long-term plan for the study and development of high technology. Its aim is to render service to national economic construction at the end of this century and the beginning of the next century, to create conditions for the development of high technology and the formation of industries employing high technology, and to bring up a new generation of highly skilled technicians. The implementation of this plan has stimulated the development of high-technology industries and the transformation of traditional industries, promoted social progress, and yielded economic results. Some laboratory achievements have been transformed into

products, while others, still in the intermediate stage of experimentation, will soon be applied in industry. Most of the projects have made smooth progress. High technology has played an initial role in stimulating the transformation of traditional industries and in optimizing their structures; it has also stimulated the development of genetic engineering, intelligence technology, optoelectronic science, industrial automation, advanced nuclear energy technology, and materials science technology. Many high technology advances have also spread to other scientific fields, creating fairly noticeable social benefits.

Meanwhile, a number of high-technology research bases have been set up. With the help and efforts of the relevant state ministries and commissions, 15 important research bases or centers in the fields of biology, information, automation, new materials, and energy have been established; a number of experimental networks are being constructed according to the original schedule; and some have been completed. The construction of these bases and centers have facilitated high-technology research, the tackling of many kinds of scientific research projects, the attraction and training of personnel, exchanges and cooperation with foreign countries, single-item technological experiments, and the continued production and development of new products in China, which have created good conditions for further advancing high-technology research and development in China.

In the course of implementing the "863" plan, experiences in reforming the science and technology management system have been applied, foreign management methods for high technology have been borrowed, and the operating mechanism of employing experts and reforming the appropriation system have been implemented, thus discovering a management model suitable for the development of high technology in China. The management mechanism of employing experts has fully embodied the dominant status of experts in scientific and technological work and has played a role in making policy decisions scientific, democratic, and highly efficient. The appropriation system has reformed the traditional practice of departments carving a big portion for themselves. The appropriation of funds according to the requirements of the task has heightened efficiency and the rational use of funds. With unremitting efforts from all sectors, management and operating mechanisms for high technology have continued to improve, thus giving rise to an initial management system by which policy decisions are made by experts in coordination with relevant departments, supervision and appraisal is carried out by experts, and information services are provided. The planned implementation of this system in five sectors has yielded initial results.

Military

Political Department on Journalistic Ethics

HK2708080393 Beijing JIEFANGJUN BAO in Chinese
21 Aug 93 p 1

[Report: "PLA Political Department Issues Circular, Urging Political Organs at All Levels, News Units To Effectively Carry Out Ban on 'Compensatory News Reporting'"]

[Text] The General Political Department issued a circular on 14 August, in which it called on the Army's political organs at all levels and various news units to conscientiously study and resolutely put into effect the "Notice on Intensifying Building of Vocational Ethics in Journalist Ranks and Banning 'Compensatory News Reporting'" jointly issued by the CPC Central Propaganda Department and the State Press and Publications Administration, to make further efforts to enhance the building of vocational ethics in journalist ranks, and to carry out work effectively to ban "compensatory news reporting."

The circular points out: The journalists in our Army boast a glorious tradition and, on the whole, the quality of journalist ranks is good. In recent years, however, affected by "compensatory news reporting," some problems in violation of vocational ethics standards occurred among a small number of news units and journalists. They have deviated from the principle that news reporting must be genuine, objective, fair, and accurate, and have damaged the reputation of journalists.

For the above reasons, the circular sets the following demands:

1. Political organs at all levels and various news units should take the ban on "compensatory news reporting" as a vital matter of safeguarding the reputation of the party's news undertaking. They should conscientiously study the "Notice" of the Central Propaganda Department and the State Press and Publication Administration; measure themselves by the requirements of the Notice item by item; and universally receive education on our party's and Army's glorious tradition regarding news work, vocational ethics of journalists, and the discipline to be strictly observed in the propaganda work. The study and implementation of the guidelines of the "Notice" should be included as a regular and important aspect of strengthening the building of journalist rank and improving news work. We must ensure that this endeavor will be continued unremittably.

2. News units and journalists should stick to the principle of serving the people and socialism, work honestly, exercise self-discipline, consciously resist the influence of money worshipping, pleasure-seeking, and extreme individualism, and set up and safeguard the fine image and reputation of our Army's news work. They are absolutely not allowed to apply the principle of exchange at equal value, which functions in the economic area, to

news propaganda, to accept under any pretext money as gifts or negotiable securities from the units and individuals with whom interviews have been held, to ask for money or things from the units and individuals about whom reports have been written, to take advantage of their work to conduct disguised fund-raising or economic sponsoring among units and individuals in and outside the Army, and to make advertisements in the form of news reporting. No charges on news reports for propaganda purpose should be levied from the reported units.

3. Army units are not allowed to give money or things as gifts to news units and journalists in any name, ask news units to publish articles by way of inviting them to dinner, or ask journalists to gather and report news about their units by inviting them to go sightseeing and pay visits. Education and management of backbone personnel should be intensified, and the practice of sending articles to news units by hand should be discouraged.

4. All the news units should formulate effective rules and regulations in light of real condition and adopt concrete and practical supervisory measures to conscientiously carry out the work of prohibiting "compensatory news reporting." The results of implementing the "Notice" should be seriously reviewed every six months. We should enthusiastically commend advanced collectives and individuals who have set an example in observing journalist vocational ethics, while seriously check and act on those in violation of the stipulations.

PLA Publishes Books on Deng Xiaoping's Thought

OW2708085493 Beijing XINHUA Domestic Service in Chinese 0813 GMT 21 Aug 93

[By correspondent Shen Du (3088 6236)]

[Text] Beijing, 21 Aug (XINHUA)—Since the Third Plenary Session of the 11th CPC Central Committee, the whole Army has published 56 kinds of books related directly to Deng Xiaoping's work, and the total number of impressions amounts to 15 million over the past few years. These books have provided the vast numbers of officers and men of the whole Army with rich teaching materials for their studies of Deng Xiaoping's theory of building socialism with Chinese characteristics and on his thinking on army building in the new situation.

The Liberation Army Publishing House and other major Army units reprinted more than 6 million copies of the *Selected Works of Deng Xiaoping* and published more than 2 million copies of the *Selected Readings on the Works of Mao Zedong and Deng Xiaoping—A Reader for Soldiers*, which was selected and compiled by the General Political Department of the People's Liberation Army [PLA]. It also published hundreds of thousands of *Selected Deng Xiaoping's Expositions on Army building in the New Situation*, which was edited by the General Office of the CPC Central Military Commission. This year, the Lantian Publishing House published the

Selected Works of Important Literature on Building Socialism With Chinese Characteristics. Serving as a basic teaching material for cadres and soldiers' studies, these books give prominence to the focal points in a systematic manner.

To help the vast numbers of cadres and soldiers understand Deng Xiaoping's works, various publishing houses published guidance materials, such as the *Guide to the Selected Readings of the Works of Mao Zedong and Deng Xiaoping—A Reader for Soldiers*, and the *Introduction to the Theory of Building Socialism With Chinese Characteristics*, to introduce Deng Xiaoping's strategic thinking and theoretical viewpoints from different aspects.

Aiming at studying Deng Xiaoping's theoretical contributions and revealing his great practice, various Army publishing houses made efforts to publish excellent works over the years. *Studies of Deng Xiaoping's Thinking on Army Building in the New Situation*, published by the Liberation Army Publishing House, and *Studies of Deng Xiaoping's Socialist Theory*, published by the Haichao Publishing House, won first and the second prize respectively in the fourth and fifth China Book Review. The *Collection of Studies on Deng Xiaoping's Thought*, published by the National Defense University Publishing House, systematically represents the scientific system of Deng Xiaoping's theory of building socialism with Chinese characteristics.

Heilongjiang District Holds Party Congress

SK2708101393 Harbin HEILONGJIANG RIBAO in Chinese 13 Aug 93 pp 1, 3

[By Li Zhenguo (2621 2182 0948) and Qin Yanyu (4440 1750 1342): "Seventh Party Congress of Provincial Military District Concludes"]

[Excerpts] The seventh CPC congress of the Heilongjiang Provincial Military District concluded ceremoniously at the auditorium of the provincial military district on 10 August after a four-day session.

Bringing with them the great trust and expectations of all the Communist Party members of the military district, delegates from the party organizations at all levels of the district elected the seventh CPC committee and the discipline inspection commission of the Heilongjiang Provincial Military District after discussing and approving the work report of the sixth party committee of the provincial military district and the work report of the discipline inspection commission. [passage omitted]

At the first plenary session of the seventh party committee of the provincial military district held on the afternoon of 10 August, standing committee members were elected. Sun Weiben, secretary of the provincial party committee, was once again elected as first secretary of the party committee of the provincial military district; Yu Jingchang, political commissar of the provincial military district, was elected as

secretary; and Wang Guiqin, commander of the provincial military district, was elected as deputy secretary. The session also examined and approved the secretary and deputy secretaries of the discipline inspection commission of the seventh party committee of the provincial military district, and discussed and approved the "Work Regulations for the Seventh CPC Committee of the Heilongjiang Provincial Military District."

Sun Weiben gave a speech at the session. He said: The five years after the new party committee of the provincial military district was elected mark a crucial period for the construction and development of the state and the Army. To attain the various tasks put forward at this party congress and fulfill the historical missions of this party committee in the new historical situation, the most important thing is to clearly understand the situation, fulfill the missions, improve the level of collective leadership, and build the leading body of the party committee into a strong and effective leadership core. This is the fundamental guarantee for us to upgrade the quality of the units of the military district and the quality of the militia and reserve forces and to fulfill various work tasks at high standards. To strengthen the leading body of the party committee, we should first achieve progress in ideology, conscientiously raise the awareness in study, and improve leadership quality. In the new historical conditions, the most fundamental thing is to take the lead in studying well Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and persistently use this theory to guide our work. We should conscientiously study Comrade Deng Xiaoping's ideas for Army building for the new period, modern scientific and technological knowledge, and high technology knowledge and have a good command of the law governing modern wars. Meanwhile, we should do a better job in maintaining the honesty of the party committee and wage struggles against corruption. Leading cadres at all levels should value the life of the party and the great cause of the revolution and continuously enhance the sense of urgency and responsibility toward the effort to be honest in performing official duties.

In conclusion, Sun Weiben pointed out: Shouldering the great expectations of the party members and officers and men of the military district, the new party committee should rally closely round the party Central Committee and the Central Military Commission with Jiang Zemin as the core, exert vigorous efforts to make the country prosperous, accomplish something, and make still greater contributions to upgrading the quality of the units of the military district and the quality of the militia and reserve forces. [passage omitted]

Xinjiang District Holds Political Work Meeting

OW2708091693 Urumqi Xinjiang Television Network in Mandarin 1330 GMT 25 Aug 93

[From "Xinjiang News" program]

[Text] A discussion meeting on political work for frontier guards, held by the Xinjiang Military District, ended in Bole recently. The main agenda of this meeting was to explore ways for strengthening ideological and political work for troops under the conditions of socialist market economic development.

Pan Zhaomin, deputy political commissar of the Lanzhou Military Region and political commissar of the military district, spoke at the meeting. He asked the troops to further adapt themselves to the new situation of developing the socialist market economy and strengthen and improve ideological and political work for frontier troops, as well as enhance the sense of mission of the vast numbers of officers and men participating in, supporting, and safeguarding socialist modernization. He urged them to earnestly and effectively implement education on the concept of revolutionary life and the concept of value, the contents of which carry forward the pioneering spirit and sense of contributing toward the construction of the western frontier. They should improve their teaching methods and enhance educational efficiency so that ideological education can truly be implemented for the desired results.

Newspaper Recounts History of 'Special Troops'

HK2408005093 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 31, 2 Aug 93 pp 16, 17

[Article by Ma Xiaochun (7456 2556 2504): "China's Special Troops"]

[Text] The Might of the Armored Corps

In one of the Yanan caves half a century ago, Mao Zedong said emphatically while gesticulating with his big hands: "We do not have a single tank or cannon now, but we have a group of cadres with a technological background. With these people, we will be able to establish our special troops, and we will have tanks and cannons delivered to us by our enemy." True to the prophecy made by this great man, the People's Armored Corps, which started with one tank wrested from the enemy, has, after 48 years of development through arduous efforts, become the crack troop it is today. It is now the main force for surface strikes. The People's Liberation Army (PLA) now ranks third in the world in terms of the number of tanks, and the quality of these tanks is also among the best in the world.

The use of tanks in war has a history of nearly 80 years. When their rumbling brought World War II to a near close, a soldier of the Northeast People's Army named Kao Ke [7559 0344] cleverly captured a Japanese tank from the enemy. That was the Liberation Army's first tank. This tank, which subsequently carried out one meritorious service after another in battles to liberate China, came to be called "the Meritorious." It has since been decommissioned and is now on public display at the Military Museum of the Chinese People's Revolution.

In the first years of its existence, the Armored Corps was mainly armed with tanks either left behind by the Japanese or seized from the Kuomintang troops. Following the establishment of its leadership organ 43 years ago, the People's Armored Corps became an independent arm of the PLA, and young armored fighters began to demonstrate their prowess.

In the late 1950's, China developed and produced its first generation of tanks. Since then, China had successively developed and produced medium tanks, light tanks, amphibious tanks, pontoon tanks, mine-sweeping tanks, and so forth. Along with these came post-infantry combat vehicles [buhou zhandou che 2975 0683 2069 2435 6508], self-propelled cannons, self-propelled rocket guns, self-propelled antiaircraft guns, guided missile launching vehicles, armored personnel carriers, communication command vehicles, armored recovery and towing vehicles, repair and engineering vehicles, medical and ambulance vehicles, plus a range of combat, technical and logistical support vehicles, which formed the basis of an armored weaponry that meets the needs of modern warfare and demonstrates Chinese characteristics.

As China faces the world, following its opening, "the King of Surface Combat" has been developing by leaps by bounds with the help of advanced science and technology. Equipped with new tanks and other accessories, the Armored Corps finds its overall combat and technical level raised and its firepower, mobility, and shelter ability greatly strengthened, and thereby better able to fight under modern conditions. Its ammunition, fire-control, sheltering, and communication technologies are comparable to those of advanced armored vehicles abroad, and are among the best in the world. Electronic technology is put to extensive use on armored vehicles. The firing power, precision, percentage of accurate first hits, as well as night combat, sheltering, repairing and support capabilities of armored vehicles have also seen improvement thanks to the development of a variety of fire-control systems and night vision devices.

Baptized by war, the People's Armored Corps has realized numerous brilliant achievements that have attracted world attention. The new generation of tank troops, who also demonstrate great courage and wisdom, have lived up to the honor won by their predecessors.

The explosion of a nuclear device is at once miraculous and horrific. With the mushroom cloud billowing to the sky and the thick wall of dust hurled up by the impact rushing out like ten thousand galloping horses, four tanks manned by eight personnel dashed forward—the first tank driving through the center of the blast 22 minutes after impact, while the other three passed through 30, 38, and 58 minutes afterward. All made base safely. Tank operator Zhang Tianxiang and testing officer Fang Yulin who manned the first tank were both cited for meritorious service, second class.

Sea-Crossing Tanks That Set World Precedents

The People's Armored Corps created the miracle of crossing the vast expanse of the Qiongzhou Straits 20 years ago. That sunny morning, white clouds were hanging in the clear blue sky and a soft breeze was blowing across the rolling sea. Two amphibious tanks developed and produced by China rumbled on at top speed into the ocean, whipping up a long white wake as they moved along. The sea was quite rough, although it was not a particularly windy day, and the tanks moved jerkily forward against the pounding of the sea, sometimes disappearing behind the waves. In spite of such conditions, the tank personnel not only completed their precision shooting exercise but landed in safety some four hours later after crossing 50 nautical miles of ocean more than 100 meters deep.

In May 1990, PLA tanks made their first climb to the roof of the world, thereby entering a brilliant chapter in the annals of the Armored Corps. The following represent some of their accomplishments: The highland column of the Armored Corps completed 420 kilometers of round-the-clock forced march; completed 1,500 kilometers of consecutive march in tracked vehicles on the roof of the world; climbed the Tanggula (Dangla) Pass 5,200 meters above sea-level, and safely reached the foothills of Mount Qomolangma....

The Path-Breaking Pioneers

In Spring 1992, China sent 400 crack troops on a United Nations-sponsored peace-keeping mission to Kampuchea. As soon as they showed up in Angkor, they were hailed by all concerned for their excellent equipment, mastery of techniques, tenacity, and strict discipline.

These troops that have won such great honors for the motherland belong to the PLA Engineering Corps.

After weathering storms for more than 50 years, the PLA Engineering Corps that was born during the period of the second revolutionary civil war has undergone some historic changes. It has basically achieved mechanization, and gone are the days when spades and pickaxes were all it could rely on. Armed with new equipment and reared in glorious tradition, this unit has truly become the path-breaking pioneers of the Armed Forces.

Since time immemorial, the Changjiang and Huanghe Rivers have been regarded as natural barriers impossible to bridge. However, an unidentified pontoon bridge unit under the Nanjing Military Region has erected five pontoon bridges across the lower reaches of the Changjiang, providing crossing for the supplies and personnel of one army division. The engineering units of the Jinan and Guangzhou Military Regions have also successfully tamed this unruly "dragon" by erecting pontoon bridges across the lower reaches of the Huanghe. These show that relying on Chinese-made pontoon bridge equipment, the People's Engineering Corps can conquer all obstacles posed by rivers.

The land mines and demolition equipment of the Engineering Corps have approached or reached advanced world standards. The PLA is equipped with its own anti-tank mines, anti-infantry mines, and special mines. Some of these are booby-trapped, some are timed, and some are easily dispersible. New developments are also made in mine-laying, mine detection and mine-sweeping devices. A single launch by a rocket-propelled mine-laying unit can lay an anti-tank mine-field measuring 7-8 kilometers long and 500-800 meters wide. A single operation by a mine-sealing unit [dihan fendui 0966 3549 0433 7130] can lay a mine front about 11 km long. A single launch by a rocket-propelled mine-sweeping vehicle and various other rocket-propelled demolition devices can open 60-70 roads of different widths, thus providing effective support to troops charged with various combat activities.

Since exposure will mean destruction in the modern warfare of the future, the need to have strategic camouflage, tactical camouflage, and target camouflage will be even more important. In recent years, the PLA has seen swift development in its camouflage devices. A number of new devices have been finalized for production and used to equip the units, and some simulation devices can really pass off as real.

Engineers move ahead of others in times of war; they also demonstrate their might in times of peace. The modernization of the motherland is achieved with the wisdom and sweat of the Engineering Corps. Over the last decade, hundreds of scientific research achievements made by the Engineering Corps have played an important role in the national economy.

The "God of Battles" Leaping to the Sky [subhead]

Reputed as "the God of Battles," the PLA Artillery was born amid the roaring of guns during the August 1 Nanchang Uprising.

After the smokes of war disappeared, the PLA Artillery underwent three stages of development, proceeding from imitations, to improved versions, to designs of its own. Once dependent on men, animals, and motor vehicles to pull their artillery pieces, they are now equipped with fully mechanized and self-propelled guns. As their shooting range and power increases and their command efficiency improves, they have entered a new period of catching up with and surpassing the advanced standards of the developed nations.

The artillery is the main fire support of the Army. Today, the PLA's ground artillery weaponry includes not only new mortars, howitzers, and self-propelled howitzers and rocket guns with fast firing speed, strong firepower, and excellent technical performance, but also strategic and tactical missiles. The mighty arm of the artillery has extended from a few kilometers to tens and even hundreds of kilometers.

In ground combat, anti-tank weapons are the destroyers of enemy tanks and armored personnel carriers. The

PLA is equipped with single-man rocket launchers and new self-propelled anti-tank cannons, as well as new anti-tank missiles. Regarding anti-aircraft weapons, the PLA is equipped with medium-sized and small-diameter semi-automatic anti-aircraft guns, self-propelled anti-aircraft guns, and various types of air defense missiles. Together, these anti-aircraft guns and missiles form the PLA's air defense weaponry.

The eyes that can see things far away and the ears that can hear voices a long way off that we have heard so much about in Chinese mythology have now become a reality. As eyes of the artillery troops, artillery reconnaissance equipment has seen swift development. The reconnaissance devices of the PLA Artillery have developed from a single type of optical instrument into a comprehensive system that makes use of optical, electronic, magnetic, acoustic, and other means. The use of lasers, radar, sound ranging, photographic, and video devices have increased the precision, speed, and scope of reconnaissance by artillery troops, and provided the troops with all-weather combat capability. The artillery firing command system and anti-aircraft gun and air defense missile information and command system developed by Chinese scientists using computer, laser ranging, and digital communication technologies have now been put into universal use. These have greatly increased the rapid response capability of artillery forces.

The reform carried out by the People's Artillery in rapid response training has yielded all-around success, as can be seen in the birth of scientifically advanced command systems, which have increased the fire response speed and accuracy to a level comparable to that attained by advanced countries in the West. These indicate that the PLA Artillery has bid farewell to the manual operation stage and entered a new stage of electronic, automatic, and intelligent firing command and tactical decision-making.

Light Cavalry in the Sky

Pushed by the tide of reform and opening up, a new modern arm of service has emerged among the ranks of the People's Army of the Republic. This is the Army Aviation Corps, also known as the "Light Cavalry in the Sky."

The Army Aviation Corps is a modern technical arm which mainly relies on helicopters in its operations. As an independent arm of service, it has seen swift growth since its birth after World War II. In the short span of a dozen or so years between the early 1950's, when helicopters were first used by Americans during the Korean War, and the mid-1960's, Army Air Divisions had been established in more than 20 countries, with helicopters as their principal equipment.

The high degree of technicality and the three-dimensional nature of modern warfare have presented a rigorous challenge to, as well as a historic opportunity for, the PLA in its modernization drive. The times are calling for China's Aviation Corps.

The Army Aviation Corps, as an up-and-coming force, has made their debut at demonstration shows organized by the Lanzhou, Beijing, Shenyang, and Chengdu Military Regions and various Group Armies, where it has demonstrated its outstanding qualities and undergone useful training. These shows have also enabled the military commands to come to the consensus that in future wars, army officers will be invincible with the "Light Cavalry in the Sky" fighting both in the front and in the rear.

Helicopters are a type of aircraft for all occasions, not just in battlefields. In times of peace, the Army Aviation Corps has played a brilliant role in support of national economic construction, creating one miracle after another.

Motuo County to the south of the Tibetan Plateau is known as a "Land of Flowers." Despite its beautiful name, it is the only county in China not accessible by roads and is so often ice-bound that it becomes an "island on the plateau." Xing Xigui [6717 0823 6311], first-generation commander of the Army Aviation Corps' "Black Eagle" Regiment, and his colleagues were charged with the task of flying supplies to Motuo, a journey requiring them to fly across the precipitous Duoxiongla Mountain, which was also known as the "Flyers' Trap" and "the Black Valley of Death." Situated at the confluence of warm currents from the Indian Ocean and cold currents from the Qinghai-Tibetan Plateau, this mountain pass is well known for its unpredictable weather conditions. With his superb flying skill, great courage, and resourcefulness, Xing Xigui used reflections from a wrecked plane at the bottom of the valley as markers and opened up a new air route.

An unidentified Army Aviation regiment stationed at Urumqi in Xinjiang is charged with the tasks of border patrol and emergency air rescue along the 6,400-kilometer border with India, Pakistan, the former Soviet Union, and Mongolia. In the eyes of the armymen and people there, helicopters are "Lifelines in the Sky."

Over the last few years, Army Aviation troops have flown more than 8,000 sorties along the Tibetan and Xinjiang frontiers, airlifting tens of thousands of tons of supplies to destinations and saving more than 70,000 people from distress. Seven helicopter pilots sacrificed their lives serving the frontier population.

At the same time, the Aviation Corps has also completed over 200 rescue missions in the interior, flying more than 10,000 hours in all. Economic benefits for which it is responsible or created totaled more than 100 million yuan, while its social benefits rendered are immeasurable.

The rosy clouds of dawn are lifting, and new air routes are being opened. With magnanimous spirit, the young Aviation Corps of China is facing future challenges and heading toward an even brighter tomorrow.

Economic & Agricultural**Bank Spokesman Denies Report on Bankers Fleeing***OW2708111293 Beijing XINHUA in English 1100 GMT 27 Aug 93*

[Text] Beijing, August 27 (XINHUA)—A press spokesman for the People's Bank of China, the country's central bank, said today that a recent Hong Kong newspaper report that mainland bankers fled with billions was a "sheer fabrication."

The spokesman said that on August 22, 1993, the Hong Kong-based SOUTH CHINA MORNING POST carried a front-page report that mainland bank officials fled with billions of U.S. dollars, that at least 80 senior banking officials had left the country by the end of last month and a further ten have followed this month, and that many of the officials are said to have come from the Bank of China.

The paper also reported that a senior official with the Agricultural Bank of China was sentenced to death. The paper said that "the allegations are made in an internal report by the People's Bank of China."

The bank spokesman said "all of these are totally groundless and fabricated by the paper's reporter with ulterior motives."

He said, "The work to rectify China's financial order begun in July is designed to halt unauthorized inter-bank lending so as to improve the managerial standards of domestic banks and create the necessary conditions for reforming the banking system according to the requirements of a socialist market economy."

That will better push forward and expand international financial services of various banks in China, he noted. Led by their executives, domestic banks have already achieved initial successes in their rectification drive and their banking business has been operating normally.

"The Chinese banking community has always tried to expand its international banking services, thus gaining a good reputation in the international banking community," he said.

The Bank of China is a national bank handling foreign exchange business and settlement of foreign trade. It is best known in the international banking community for its strict internal management, its steady operational style and the high quality of its employees. The international business of other Chinese banks, including the Agricultural Bank of China, is also growing steadily, the spokesman said.

"In the future, we will, in the spirit of the reform and opening to the outside world, continue to expand our international banking services, enhance our relations and cooperation with banks in other countries and

gradually improve the managerial level of China's banking industry," he added.

Foreign Exchange Reserves Decline 'Moderately'*HK2708033293 Beijing CHINA DAILY in English 27 Aug 93 p 2*

[By staff reporter Ren Kan]

[Text] China's foreign exchange reserves dropped moderately in the first half of this year, according to the People's Bank of China.

By the end of June, foreign exchange reserves amounted to \$18.8 billion, \$520 million less than at the end of last year.

The decline was mainly attributed to the sharp rise in the country's imports and the slow growth of exports.

Rapid economic growth since last year has pushed up demands for imports, especially raw materials and technology products. According to customs statistics, China's import value registered a 23.2 per cent rise in the first half of this year, while exports increased by only 4.4 per cent.

Analysts said the drop of the foreign exchange reserves would not affect China's ability to repay its foreign debt, which stood at \$69.3 billion at the end of 1992.

The country does not use the reserve to service foreign debts, but instead, it mainly relies on the earnings of exports and tourism.

Although export growth slowed in the first half of this year, the country's exports still hit a record of \$37.1 billion.

China last year witnessed a 10.6 per cent drop in its foreign exchange reserves, but its debt service ratio is well below the internationally recognized warning level, which is 25 per cent of export earnings.

According to the statistics issued by the central bank China's overall financial situation improved in the second quarter of this year.

During that period, the sharp rise in currency supply has eased and the foreign exchange rate has stabilized in the country's foreign exchange swap markets.

But the statistics also showed that there still exist some problems, however, like too much cash in circulation and slowed growth in enterprise savings.

By the end of June, 486.3 billion yuan (\$85.3 billion) of banknotes were circulating in the market, a big margin increase over the same period last year.

This was attributed to swelling investment in capital construction in fixed assets which have greatly enlarged consumption.

Bank savings in the first half of this year rose by 176.5 billion yuan (\$30.7 billion), but still 74.8 billion yuan (\$13.1 billion) less than the growth in the same period last year.

The slowed growth was mainly attributed to poor performance in corporate savings in the second quarter of this year.

During the April-June period, the enterprise savings only rose by 15.4 billion yuan (\$2.7 billion), 61.1 billion yuan (\$10.7 billion) less than the rise in the same period last year.

Affected by the issuing of stocks and bonds, the rise in individual savings in the first quarter of this year was 13.5 billion yuan (\$2.3 billion) less than the rise in last year's corresponding time.

But the individual savings in the April-June period increased by 45.7 billion yuan (\$8.02 billion), 7.85 billion yuan (\$1.3 billion) more than the increase in the same period last year.

In the second quarter of this year the banks supplied 78.9 billion yuan (\$13.8 billion) of loans, 16.9 billion yuan (\$2.9 billion) less than the same period last year.

By the end of June, outstanding loans rose by 17.1 per cent over the same period last year, 1.9 percentage points less than that in February.

The central banks report urged financial institutions to concentrate their capital to support key construction projects and purchase farm products, while keeping the total amount of credits under control.

Cost of Living in Coastal Cities 'Still Soaring'

HK2708134993 Hong Kong AFP in English 0829 GMT 27 Aug 93

[By Tiffany Bown]

[Text] Beijing, Aug 27 (AFP)—The cost of living in China's coastal cities is still soaring despite measures to cool the overheated economy, as an official said Friday that urban inflation hit 23.3 percent in July.

The average for China's 35 major cities was up from 21.6 percent in June, a State Statistical Bureau spokesman said, adding national inflation stood at about 14 percent in July.

Prices rose a massive 35.8 percent in the southern city of Guangzhou compared with the same month last year, while Beijing and Shanghai recorded increases of 24.8 percent and 23.4 percent respectively, according to bureau figures.

The figures were the highest since 1989 when urban inflation of 32 percent sparked widespread public discontent and contributed to pro-democracy demonstrations, which ended with Beijing's brutal military crackdown on June 4, 1989.

The central government in early July announced measures—including credit curbs—to cool the economy, which grew 13.9 percent in the first six months of the year.

But foreign investors in China's booming coastal cities said they were still being hit by employee demands for huge wage rises because the measures had not yet succeeded in easing inflationary pressure.

"Inflation, we notice that very badly. It goes on unabated," said Richard Dobe, general manager of U.S. venture Pfizer-China in the northeastern city of Dalian.

The government last week pledged to curb pay increases by loss-making state enterprises, which paid out 41.29 billion yuan (7.14 billion U.S. dollars) in bonuses between January and June, up 38 percent on the same period in 1992.

The government has forecast an annual inflation rate of about 13 percent—up from 12.5 percent in the first six months—but acknowledged this could only be achieved if money supply growth was brought under control.

Money supply grew by some 52.80 billion yuan (912.7 million dollars) in the first six months of the year and the China Daily reported Thursday some 486.3 billion yuan worth of banknotes were in circulation at the end of June. [passage omitted]

'Raging' Urban Inflation Reportedly Up 23 Percent

HK2708031593 Hong Kong SOUTH CHINA MORNING POST in English 27 Aug 93 p 1

[By Ray Heath, Kent Chen, and agencies]

[Text] Attempts by China to dampen raging urban inflation have yet to take effect, with figures released yesterday showing the cost of living in 35 major cities rising by an average of 23.3 per cent last month. This compares with increases of 21.6 per cent in June.

Hardest hit is Guangzhou, with the State Statistical Bureau (SSB) reporting near hyper-inflationary price increases running at 35.8 per cent. Ningbo was close behind with rises of 32.4 per cent, while Beijing suffered price increases averaging 24.8 per cent.

Urban inflation still falls short of the average 32 per cent seen in the early part of 1989 when soaring prices were a factor in the public unrest that led to the June 4 bloodshed in Tiananmen Square. But with disquiet in rural areas already widespread, the continuing upward trend in the cities will be seen as particularly ominous considering that the products hardest hit by soaring prices are basics such as grain, fuel and clothing.

Economists are closely watching mainland inflation for signs that the austerity plan, introduced by Vice-Premier Zhu Rongji early last month, has had an effect and begun to cool the economy. However, officials in Beijing

believe the new figures are not a fair indication of the effectiveness of measures that still need time to work through the economy.

Qiu Xiaohua, an SSB official said the main reason for the increase in prices was the Government's removal of price controls on food, rent and fees in the major cities early this year. "When the prices approach market level, they will stop rising," he said, predicting an average urban inflation rate of about 20 per cent in the second half of the year. "This is because the macro-economic control policies will take several months to have an impact. By early next year, I think price levels will start to fall."

Mr Qiu denied that inflation was at a dangerous level, claiming that incomes in the major cities were keeping pace with price rises, and had risen by 28 per cent during the first half of this year. The Government had also provided subsidies to residents when it had removed price controls.

Observers in Beijing are still not convinced that enough has been done to curb inflation. The traditional method of raising interest rates—done twice in the second quarter—has shown no signs of putting a brake on prices. A Western diplomat warned that it would be difficult to bring down inflation quickly because of the huge amount of new money in circulation and the lack of control over the economy in the first half of this year. The central bank, the People's Bank of China, said on Wednesday that money in circulation during that period rose an astonishing 54 per cent on the same period of 1992, fuelling a boom in real estate, stocks and bonds.

The figures also show that July investment in plant, machinery buildings and other fixed assets soared 71.3 percent year-on-year down from 73.7 per cent in June. This is a key indicator that the economy continues to overheat.

The good news is that consumer spending appears to be easing, with the rate of acceleration for July at 108.76 billion yuan (HK\$145.73 billion)—up 26.5 per cent from a year earlier, but down 1.9 per cent when compared with the June rate. The SSB said this was due to the stabilising of the exchange rate and supply exceeding demand, so sales of brand-name colour televisions video recorders, gold jewellery and refrigerators—popular hedges against inflation—all fell.

Calls for End to 'Arbitrary Charges,' Corruption

HK2708050093 Beijing RENMIN RIBAO in Chinese
22 Aug 93 p 2

[Report: "State Administration for Industry and Commerce Issues Circular on Rectifying Economic Irregularities"]

[Text] The State Administration for Industry and Commerce recently issued a circular on enforcing strict discipline and conscientiously conducting work to rectify economic irregularities.

The circular definitely stipulates: Service organizations additionally set up by the Administration for Industry and Commerce at all levels should strictly put into effect the principle of voluntary consultancy and standards for collecting charges examined and approved by the Administration of Commodity Prices, and resolutely rectify malpractices of forcing people to accept monopolized consultancy service and increasing standard charges at will. The organizations providing consultancy service should make public their regulations on handling affairs, and the act of creating income by monopolizing the trade will under no circumstances be permitted. The Administration for Industry and Commerce at all levels should take the matter of rectifying monopolized services and arbitrary charges as a special major case and immediately put an end to the malpractice. The circular calls for a severe crackdown on the problem of seeking personal gain by abuse of power among the cadres of the Administration for Industry and Commerce. The key points of the crackdown should include the corrupt acts of those who took advantage of powers vested in important first-line "window" posts to indulge in eating and drinking and asking for benefits, and who refused to handle affairs without profits but made a dreadful mess of the affairs even if they had received profits; and on the acts of disguised bribery such as accepting gift coupons, red packets of money, and free shares, demanding that enterprises to which services were provided reimburse personal expenses, and so on. Those who have violated discipline should be strictly checked and acted upon. If they are proved by irrefutable facts to have violated discipline, apart from being given party and administrative disciplinary punishment as stipulated, they can be dismissed or transferred to other posts within a time limit according to circumstances. The circular announces: In order to maintain a fine image of law enforcement for the Administration for Industry and Commerce, its organs at all levels are prohibited to run any economic entities carrying on banking, futures, and other businesses in accordance with pertinent stipulations of the central authorities. They must immediately cut off links with the economic entities already established, and must not take them as channels to create income or increase sources of extrabudgetary funds under the pretext of running economic entities.

Blueprint for New Financial System Drawn Up

OW2608131593 Beijing XINHUA in English 1052
GMT 26 Aug 93

[Text] Beijing, August 26 (XINHUA)—In an overhaul of the current fiscal system, China's central government is working in top gear drawing up the blueprint for a new financial system. It is based on a rationalized distribution of tax revenues and expenditures between the central and local governments.

"The draft of the reform plan has been worked out and is being widely discussed by local authorities," said an official with the Ministry of Finance. "We have to take a very cautious approach because the reform means a redistribution of the state income between central government and localities."

Under the new system, gross state revenue will be divided into three parts: revenue contributed to the central government, revenue paid to local governments and revenue shared by the central government and localities.

The specific proposed distribution of various kinds of taxes is under negotiation. But according to the Ministry of Finance, revenues paid directly to the central government will include tariffs and product taxes.

Taxes collected by local governments will be those directly linked with local economic growth, such as building taxes, income taxes paid by local and collectively-owned enterprises. Some minor taxes, like stamp taxes, will also belong to the local governments.

Shared revenue will form the largest proportion of the whole state income. It will cover value-added taxes and resources taxes.

In its advance towards a socialist market economy, the central government needs guaranteed and steadily increasing financial resources to ensure its macro regulatory role. But the current contracted system which China adopted a dozen years ago has failed to provide the central authorities with powerful financial backing.

Under that system the localities contribute only their contracted quotas to the central government—and the rest of the revenues are therefore at their own disposal.

Unwilling to let the central government share profit increases above the quota, some local governments are apt to give tax cuts and preferential tax rates to enterprises.

According to a report of national conditions recently released by the China Academy of Sciences, the state revenue in 1992 only accounted for 14.2 percent of the gross national product, down 17 percentage points from the 1978 level.

Of the whole state revenues, only 38 percent was put into the central coffers, compared with over 60 percent in most industrial countries.

"The central government has had to issue a great number of state bonds to cover its basic expenditure, and is often left empty-handed when it comes to financing infrastructure works, including key state projects," said the official.

But to ensure a smooth implementation of the tax sharing system, the central authorities would take the vested interests of local governments into consideration.

"The reform plan will see that the localities have enough financial resources to support a sustained but relatively fast local economic expansion," said the official.

To that end, the central government will return a certain proportion of the revenue to localities.

Though the central coffers will be unlikely to be swelled quickly after the adoption of the new system, "we should congratulate ourselves for having started to establish such a modern and effective system," said the official.

Article on Macroeconomic Regulation, Control

HK2408104793 Beijing RENMIN RIBAO in Chinese
16 Aug 93 p 2

["Random Talk on Economic Life" column by staff reporter Jiang Shijie (3068 0013 2638): "Depending on the 'Invisible Hand' Alone Will Not Work—Commenting on Strengthening the State's Macroeconomic Regulation and Control"]

[Text] The CPC Central Committee and State Council have introduced measures for strengthening macroeconomic regulation and control, but some comrades have failed to keep abreast of the situation in their understanding:

"Since we have practiced a socialist market economic system, why is it necessary to stress the state's macroeconomic regulations and control?"

"As the market is 'Monkey King,' must we use the 'incantation of the golden hoop' to keep him under control?"

"Was it not said that the market will play a basic role in the distribution of resources, why has the 'tune changed' suddenly?"

These misgivings are understandable. But it would be a "great misunderstanding" to believe that only the "invisible hand" of the market mechanism is necessary in developing a market economy, regardless of the state's macroeconomic regulation and control.

Such a misunderstanding relies on intuition which regards the market economy as a "liberal economy."

The market economy has existed for hundreds of years in this world of ours. By the 1930's, the operation principle of the capitalist economy was basically characterized by free competition, regulation, and laissez-faire. Adam Smith, a British economist who first called the market mechanism "an invisible hand," said: Impelled by individual interests, the market competition system can ensure the optimum distribution of social resources and spontaneously maintain a balance between supply and demand. Hence, the government's macroeconomic management is unnecessary. However, the economic recession of the capitalist world from 1929 to 1933 which took place 140 years after his death smashed the myth that the "invisible hand" had boundless powers. As a

result, the authorities of all countries eventually gave up this blind and totally liberal market economy.

The market mechanism has superiority which cannot be replaced. Why, then, was the liberal economy, which merely relied on the "invisible hand," discarded by history? The key to the matter is that it still has weak points and negative factors. For example, it cannot resolve the stagflation and blindness of market regulation, cannot maintain a balance between social general demand and supply, and cannot simultaneously attain both efficiency and fairness. Such a "blame" existed at that time as well as now. JINGJI RIBAO on 2 May this year reported the views of some Japanese scholars: The market mechanism cannot spontaneously resolve the problems in economic development. Conversely, the spontaneity of the market mechanism will lead to five major malpractices: First, ignoring the principles of market rules and competition at an equal footing, using powers or illegal means to make exorbitant profits, and manipulating or monopolizing the market. Second, it will lead to taking a laissez-faire attitude toward market regulation and enterprises merely pursuing profits at the expense of ecological environment, resulting in serious environmental pollution. Third, the abnormal expansion of commercial capital, which pursue immediate interests, has resulted in economic recession and affected the growth of industrial capital. Fourth, a lack of long-term planning and industrial policies has resulted in duplicate investment in similar products and an imbalance of the industrial structure. Fifth, compelled by the pressure of competition and role of the market mechanism, enterprises are not willing to invest in the basic industries which exhaust energy and turn out effects slowly, resulting in the backwardness of the infrastructure. Thus it can be seen that the purpose of the government's macroeconomic regulation and control is to minimize the negative effect of the spontaneity of the market mechanism.

It is necessary to have a comprehensive understanding of the modern market economy practiced in the Western developed nations.

The 1929-1933 capitalist economic crisis thoroughly discredited the laissez-faire liberal market economy. British economist Keynes won fame for his "theory," namely, the government must interfere in economic operations. Franklin Delano Roosevelt, who assumed the office of U.S. President in 1933, urged the Congress to authorize him with "emergency powers" after taking office. He also announced his "New Deal": Reduce economic fluctuations and ease the social class contradictions through the government regulation and control over, and interference in, finance, banking, industries, and other fields. As a consequence, the modern market economy in the capitalist countries substituted the liberal market economy.

In the 60 years since then, economic operations of the developed capitalist nations or the developing capitalist

nations were inseparable from the government's macroeconomic regulation and control. Because of the different national conditions of various countries, there were differences in the means of macroeconomic regulation and control.

In the United States, market regulation is mainly applied in production, circulation, distribution, consumption, and other economic fields. At the same time, the state gives full play to its role of regulation and control by introducing necessary interference in social reproduction through financial, taxation, monetary, and banking policies and developing military industry, science, and technology.

In the United Kingdom, enterprises are the main bodies involved in economic activities, which fully enjoy decisionmaking powers. The government has no rights to meddle in the economic activities of enterprises, but it can influence the market and enterprise behavior through legal and economic means, which forms a macroeconomic regulation and control system with the government goal as the core, with indirect regulation and control as the principal means, and with value targets as the content.

In France, where state economy and private economy coexist, the role of the government in economy is emphasized. State policy decisions not only affect state enterprises, but also exert a great influence on the decisions of private enterprises. Although the market mechanism plays a leading role in the distribution of economic resources, the state's "target" planning is also an essential means for the distribution of resources. The question is the plan is worked out through consultations between the government and enterprises and social parties.

Japan practiced a government-led market economic system, which used the market mechanism to distribute resources. However, the government formulated the state's mid- and long-term plans, regulations, and industrial policies through the "reporting system" from the lower to the higher levels and the official-civilian examination system, which offered guidance to the distribution of resources and ensured the attainment of almost all the economic growth targets since the 1950's.

Practice of the developed capitalist countries tells us: The modern market economy does not reject the government's macroeconomic regulation and control over the economy. It makes use of and relies on the government's macroeconomic regulation and control to make up for the defects and shortcomings of the market mechanism. The government's macroeconomic regulation and control over the economy is an organic component part of the modern market economic system.

The 14th party congress' brilliant exposition on the socialist market economic system clearly explains this question.

In the "Main Task for Reform and Construction in the 1990's," the second part of his report to the 14th party

congress, General Secretary Jiang Zemin pointed out: "The purpose of our establishment of the socialist market economic system is to enable the market to play a basic role under the macroeconomic regulation and control of the socialist country." "At the same time, we should also be aware of the weaknesses and negative factors of the market. It is necessary to strengthen and improve the state's macroeconomic regulation and control."

These quotations evidently prove that our party was sober-minded in the course of exploring the socialist market economic system and its understanding of the modern market economy was comprehensive. There was no question of ignoring or negating the positive role of the market mechanism, giving up macroeconomic regulation and control, or sticking to regulation and control of the planned economy. Hence, strengthening macroeconomic regulation and control is a "major topic" for the party and government to implement the tasks set forth by the 14th party congress. Apparently, it is incorrect to say that "the tune has changed suddenly."

Before gaining an accurate understanding of the socialist market economy, some of our comrades usually set the role of market mechanism against strengthening macroeconomic regulation and control, believing that macroeconomic regulation and control hinders reform as well as development. They regard macroeconomic regulation and control as the synonym of recalling, restricting, or checking power and also render it as adoption of administrative and disciplinary means. In fact, economic and legal means are primary in the current macroeconomic regulation and control measures adopted by the CPC Central Committee and State Council, of which many contents constitute an essential reform of the banking, financial, and investment systems. It is noteworthy that while introducing the macroeconomic regulation and control measures, the leading comrades of the CPC Central Committee and State Council stressed that the "Regulations" for enterprises to effect a change in operation mechanism "is the cornerstone for building a socialist market economy" and urged all localities and departments to make strenuous efforts to put it into implementation. This will inevitably provide the vast numbers of state enterprises with a fine environment for development and also vigorously urge enterprises to change their mechanism and government to change its functions.

To implement the policy decisions of the CPC Central Committee and State Council on strengthening macroeconomic regulation and control, it is necessary first to acquire a correct and profound understanding of the necessity and importance of the decisions. Without a correct understanding, there can be no correct action. If the understanding is not profound, the action will lack resoluteness. This once again reminds us that theoretical study is indispensable in the reform practice of a change toward a socialist market economic system.

State Council Approves Baoshan Steel Mill Third Phase

OW2708000393 Beijing XINHUA in English 1451
GMT 26 Aug 93

[Text] Shanghai, August 26 (XINHUA)—The State Council, China's highest governing body, has agreed in principle to build the third-phase project of the Baoshan Iron and Steel Complex.

The complex is located in Shanghai, the largest metropolis in the country.

New equipment will include a 4,300-cubic-meter blast furnace, a 450 sq m sintering machine, four 50-hole coking furnaces, a 250-ton revolving furnace, two successive plate-casters, one cold roller and three hot rollers.

All the main equipment will adopt the world's latest technology in this field.

The project will be designed by Chinese engineers and most of the equipment will be manufactured by domestic firms or be jointly built by Chinese and foreign companies. But the key equipment, material and technology will be imported from abroad.

Local officials said that the project is expected to be completed by 1998 and will become operational by 1999.

By then, the complex will have a total capacity of 10 million tons of steel, with 2.91 million tons added in the third phase.

Preparatory work for the project is underway. Some 50,000 construction workers have been gathered.

Daily: Shanghai Stresses Adjusting Industrial Structure

HK2608065093 Beijing RENMIN RIBAO in Chinese
20 Aug 93 p 1

[Dispatch by reporter Lu Wangda (0712 4986 1129): "Shanghai Municipality Makes All-Out Efforts To Optimize its Industrial Structure"]

[Text] Shanghai, 19 Aug (RENMIN RIBAO)—In the course of in-depth reform, Shanghai has concentrated its funds and technological forces on accelerating the strategic readjustment of the industrial structure. Through the large-scale development of new hi-tech industries, it has positively imported technology and capital to transform traditional industries and further enhance its overall industrial level.

Shanghai's industrial departments have made full use of the opportunity offered by Shanghai's unique position and role in China's reform, opening up, and economic construction to concentrate all their energies on properly grasping the work of optimizing structure. Moreover, it has formulated a long-term development strategy: Developing a number of new hi-tech industries to cultivate new economic growth points; taking firm control of

earning foreign exchange through export by developing an export-oriented economy; and "grafting" foreign capital and technology onto large and medium state enterprises to transform traditional industries. In recent years, Shanghai invested more than 8 billion yuan in 14 key projects, which feature high starting points, a large scale, and good economic results, in a concentrated way. These include the second-phase project of the Santana Limousine Manufactory, production lines for wide-screen television tubes, digital telephones, facsimiles, computerized machine tools, and optical fiber and cable communications systems, among others. After this advanced technological equipment is systematically put into production this year and onward, its products will be the base for Shanghai's new pillar industries, which will also contribute to the development of a number of related industries, thereby considerably optimizing Shanghai's industrial structure.

Various trades belonging to the city's industrial departments and their affiliated organizations have stressed the integration of long- and short-term development and have targeted both the international and domestic markets in developing new products that are readily marketable. Primarily focusing on areas such as technological development organs of large and medium enterprises, technological development funds, the contingent of scientists and technicians, incentive measures, taxation policy, and others, the Shanghai Municipal Economic Commission has taken the transformation of operational mechanisms as a turning point. This is designed to establish and perfect the self-development mechanism for the technological progress of enterprises in a bid to help a large number of enterprises deliberately suit the demands of the market economy and arouse their enthusiasm for developing new products. Last year, over 15,000 new products were developed in the industrial sector across the municipality, the rate of new products qualified to be put into markets in the year reached 40 percent, and the newly added output value totalled 23 billion yuan.

Reform and opening up also provided an exceptionally favorable opportunity for Shanghai to import technology and capital to transform its traditional industries. In recent years, over 1,000 key transformation projects were completed and began production in Shanghai, and the investment coverage rate accounted for two-thirds of the entire municipality's backbone industries. Being a focal point of transformation, the textile industry has adjusted its structure in raw materials, products, technology, and enterprise organization in line with the requirements of "living up to the standards of grade, distinguishing quality, and for export" so that comparatively good economic results have been achieved.

At present, through technological transformation, various industries in Shanghai have initially reached the objectives of setting up relatively sensible structures, noticeably enhancing the technical level, incrementally upgrading equipment, and promoting products' competitiveness to augment the enterprises' reserve strength.

This indicates that the transformation of Shanghai, the old industrial base, has embarked on a benign cyclical development road characterized by self-adjustment, balance between total demand and total supply, and well-coordinated segments. Shanghai's economic development has gone beyond the stage of marking time, in which it was stuck for many years, and its gross industrial output value last year doubled that of the 1980's.

Economic Research Institute Set Up in Shanghai *OW2608145293 Beijing XINHUA in English 1333* *GMT 26 Aug 93*

[Text] Shanghai, August 26 (XINHUA)—The eastern research institute, a nongovernmental organization specializing in economic strategy, has been set up here.

Leading economist Yu Guangyuan is an adviser to the institute.

Wang Daohan, former mayor of Shanghai and also an active participant in social activities, was elected honorary president of the institute.

According to Wang, the main task of the institute is to study the country's important economic issues from macro perspectives so as to provide a scientific basis for policy-makers.

It will organize all kinds of academic activities and invite influential foreign and domestic scholars to participate in the research work.

At the invitation of the institute, Nobel Prize winner in economics and professor of the University of Chicago Merton Miller will lecture in China this year on international finance.

The institute will also issue a quarterly journal and set up an information center.

Aero-Technology Import, Export Group Established

OW2608143093 Beijing XINHUA in English 1058
GMT 26 Aug 93

[Text] Beijing, August 26 (XINHUA)—The China National Aero-Technology Import and Export Enterprise Group (CATIC Group) was officially established here today.

The CATIC Group has been set up with China National Aero-Technology Import and Export Corporation (CATIC) as its core company, and 33 other related companies as its members.

Liu Guomin, chairman of the managing committee of the CATIC Group, said that CATIC, founded in 1979, mainly manages import and export business of aero-products and mechanical and electrical products. In the past 14 years it has established economic and trade relations with more than 70 countries and regions, finishing an accumulated foreign trade value of 7.1

billion U.S. dollars. The number of various exported aeroplanes has reached 650.

He said so far CATIC has established 12 subsidiaries in Shenzhen, Guangzhou, Zhuhai, Fuzhou, Xiamen, Shanghai, Dalian, Hangzhou, Harbin and other places, as well as 39 overseas branches or representative offices in 26 countries and regions, including the United States, Canada, Britain, France, Germany, Russia, Japan, Pakistan and Hong Kong.

CATIC's annual industrial output value has reached 1.4 billion yuan, he added.

The establishment of CATIC Group will help concentrate manpower, material resources and financial capacity, the better to develop the international market, high-tech and high-efficiency products, and further expand the export of China's mechanical and electrical products, according to Liu.

He said the initial target of CATIC Group is that by the end of the Eighth Five-Year Plan (1991-1995), its annual foreign trade value reaches one billion U.S. dollars, and its industrial output value reaches 1.5 billion yuan.

Chen Junsheng on Role of Rural Survey Teams

OW2608114593 Beijing XINHUA Domestic Service in Chinese 0501 GMT 14 Aug 93

[By XINHUA reporter Lu Yongjian (7773 3057 1696) and RENMIN RIBAO reporter Liu Xianri (0491 7639 2480)]

[Excerpts] Beijing, 14 Aug (XINHUA)—At a commemorative meeting on the 10th anniversary of Chinese rural social and economic survey teams on 13 August, State Councillor Chen Junsheng stressed: Under the new situation, rural social and economic survey teams should strengthen investigations and studies of rural work, and, in particular, should shift their focus to issues related to the development of the market economy by giving full play to the teams' advantages, improving the quality and use of data, and accelerating the transmission of major information. [passage omitted]

Chen Junsheng, who is directing flood-control and relief work in Shandong, sent a written statement to the meeting. He expressed the hope that survey teams would not only provide materials and data to governments at all levels in making macro policy decisions, but also attach importance to the development of the micro-economy and provide market information to the masses of producers and traders in rural areas.

He pointed out: The survey teams should collect accurate data and improve the quality and use of data. They should persist in seeking truth from facts and refrain from following leaders' hints, and they should neither fathom leaders' intentions in disregard of reality nor should they exaggerate. On the basis of this, they should improve their work and provide party and government

departments with some relatively advanced statistical analyses and research reports.

He stressed: Under the conditions of a market economy, the situation in rural areas has become complicated, and more and more unexpected problems have occurred. As a result, survey teams should accelerate the dissemination of important information in order to promptly report to leading organs major problems cropping up in rural areas during the implementation of policies.

Regulation on Water, Soil Conservation

OW2308131793 Beijing XINHUA Domestic Service in Chinese 2101 GMT 10 Aug 93

[Text] Beijing, 11 Aug (XINHUA)—Regulations on Implementing the Law on Water and Soil Conservation in the People's Republic of China

Chapter I. General Principles

Article 1. These regulations are formulated in accordance with the "Law of Water and Soil Conservation in the People's Republic of China" (hereafter referred to as the "Water and Soil Conservation Law").

Article 2. All units and individuals have the right to report to water resources departments or other relevant departments of the people's governments at and above the county level any of the following actions of destroying water and soil resources and causing water and soil erosion;

1. illegal forest felling and reclamation of grasslands to the detriment of vegetation;
2. illegal reclamation of hillside fields;
3. discharge of waste sands, stones, soils, or mining residues into rivers, lakes and reservoirs, and canals and ditches which are not designated for discharge;
4. damage to water and soil conservation facilities; and
5. other actions causing soil erosion.

Article 3. Local people's governments in areas designated for preventing and controlling soil erosion should implement a responsibility system of achieving certain targets in prevention and control.

Article 4. Water and soil conservation organizations set up by local people's governments according to the actual conditions of the localities can exercise the powers and functions of water resources departments as prescribed in the "Water and Soil Conservation Law" and these regulations.

Article 5. People's governments at and above the county level should incorporate approved tasks and programs of water and soil conservation into the local economic and social development plans and allocate special funds for implementing the tasks; and where regulations permit, the local governments may allocate a portion of funds for

aiding the poor in soil erosion areas, or use work-relief funds and agricultural development funds for water and soil conservation.

Article 6. Key areas for preventing and controlling soil erosion are divided at three levels—state, provincial, and county; and the specific scope of division should be submitted by water resources departments of the people's governments at and above the county level for approval and publication by the people's governments of the same level.

Key areas for preventing and controlling soil erosion can be divided into key prevention and protection areas, key supervision areas, and key control areas.

Article 7. Provinces, autonomous regions, and municipalities with serious soil erosion problem may, on the basis of needs, set up special middle schools for water and soil conservation or water and soil conservation specialty in relevant colleges and universities. Middle and primary schools should include water and soil conservation in their curriculum.

Chapter II. Prevention

Article 8. Local people's governments in mountainous, hilly, and sandstorm-prone areas should strengthen the supervision over units and individuals engaged in such sideline occupation as medicinal herb collection, silkworm breeding, charcoaling, and making bricks and tiles in accordance with the requirements for water and soil conservation; and should adopt measures to preserve water and soil and to prevent soil erosion and damage to the ecology.

Article 9. In areas with serious soil erosion and scarce grassland, local people's governments and their relevant departments should take action to change the habit of wild grazing and encourage backyard cattle raising.

Article 10. Local people's governments and their relevant departments should adopt measures suited to local conditions in planting fuel trees, building small hydroelectric and pneumatic power plants, developing marsh gas, utilizing solar energy, and popularizing energy efficient cooking stoves.

Article 11. Steep hilly areas forbidden for reclamation but already grown with crops before the implementation of the "Water and Soil Conservation Law" should be gradually cleared for growing grass; and the crops should be removed to capital farmland on level or gentle sloped areas for increasing per-unit yield. Where there is real difficulty in clearing the areas, county level people's governments should set a time limit for transforming them into terraces, or should take other water and soil conservation measures.

Article 12. Application for reclaiming uncultivated sloping areas according to the law must be accompanied with measures for preventing soil erosion for submission to and approval by water resources departments or

agencies in charge of water and soil conservation under county level people's governments.

Article 13. Proposals for forest felling in wooded areas must include measures for water and soil conservation in the areas. After a proposal is approved by the forestry administrative department, a copy of the proposal should be sent to the water resources department for joint supervision of implementation of the water and soil conservation measures.

Article 14. Water and soil conservation proposals contained in reports on ecological effects of planned construction of railway, highway, and water engineering projects, as well as mining, electric power, and other large and medium sized industrial enterprises, in mountainous, hilly, and sandstorm-prone areas must have the prior examination and concurrence by water resources departments.

Before granting approval for mining, townships and towns setting up collective mining enterprises, or individuals applying for mining in mountainous, hilly, and sandstorm-prone areas according to the law must prepare a "report on water and soil conservation proposal," and have it approved by water resources departments of the people's governments at and above the county level.

The water resources department should take part in and comment on the test of completed water and soil conservation facilities for a construction project. Those failing to pass the test must not be put into operation.

Specific measures for submitting and obtaining approval for water and soil conservation proposals shall be worked out by the State Council's water resources department working together with other relevant State Council departments.

Article 15. Units responsible for production and construction projects, which were already in progress before the implementation of the "Water and Soil Conservation Law" and which have caused soil erosion, must submit measures for preventing and controlling soil erosion to water resources departments of local people's governments at and above the county level.

Chapter III. Control

Article 16. Local people's governments at and above the county level should organize state owned farms, forestry centers, and pastures, as well as collective agricultural economic organizations and peasants, to repair and build level terraces and water retention and soil conservation engineering projects and to improve drainage systems on sloping farmland with the gradient below the limit prohibiting reclamation according to the water and soil conservation plan.

Article 17. In contracting collectively owned land in soil erosion areas for use by individuals, it is necessary to include the responsibility to control soil erosion into contracts. The people's governments of local townships,

nationality townships, and towns, and collective agricultural economic organization should supervise the implementation of contracts.

Article 18. Peasants, individually or jointly, and professional teams may contract work to control water and soil erosion in barren hills, ravines, hillocks, and banks; enterprises and establishments as well as individuals may invest money or labor as shareholders to control water and soil erosion in these places.

To control water and soil erosion under contract, the contracting parties shall sign a soil erosion control contract. The contractor, with the consent of the party contracting out the work, may transfer the work to a third party.

Article 19. Enterprises and establishments shall assume responsibility for the control of water and soil erosion created in the construction or production process. Enterprises and establishments may, with the payment of a control fee, ask the department in charge of water administration to organize water soil erosion control efforts in case they are incapable of doing so themselves because of technical difficulties or other factors. The collection standards and provisions on the use and management of the control fee shall be formulated by the finance and commodity price departments at and above the provincial people's government level in cooperation with the department in charge of water administration.

Article 20. A forest protection fund shall be collected from those engaged in forest-protection-and-regeneration tree felling in forests planted by departments in charge of water administration for the purpose of conserving water and soil, protecting water sources, or preventing wind and sandstorms; the forest protection fund collected therefrom shall be used to plant trees to conserve water and soil, protect water sources, and prevent wind and sandstorms.

Article 21. Water and soil conservation facilities built and trees and grass planted shall be inspected for acceptance in accordance with the state technical standards. A file shall be set up and a sign post shall be erected after they are inspected and accepted; a system of responsibility shall be enforced for their management and protection.

No units or individuals shall damage or occupy water and soil conservation facilities. Enterprises and establishments shall make due compensation for damages caused to water and soil conservation facilities in the construction or production process.

IV. Supervision

Article 22. The term water and soil conservation monitoring network used in Article 29 of the "Water and Soil Conservation Law" refers to the national water and soil conservation monitoring centers; water and soil conservation central stations along major rivers; water and soil conservation monitoring stations in various provinces,

autonomous regions, and municipalities; and water and soil conservation monitoring substations in key control areas of various provinces, autonomous regions, and municipalities.

Specific regulations governing the management of water and soil conservation monitoring network shall be enacted by the State Council department in charge of water administration.

Article 23. The State Council department in charge of water administration and the departments in charge of water administration under the provincial, autonomous regional, and municipal people's governments shall respectively publish bulletins on water and soil conservation monitoring results on a regular basis. The bulletin shall include the following items:

1. The area, distribution, and extent of water and soil erosion;
2. The harmful effects and the potential danger caused by water and soil erosion;
3. The progress made in controlling water and soil erosion and the beneficial results.

Article 24. Enterprises and establishments entrusted with the task of controlling water and soil erosion shall regularly report to the department in charge of water administration under the local people's government at and above the county level on progress made in controlling water and soil erosion in their respective unit.

Article 25. The department in charge of water administration under the local people's government at and above the county level and its subordinate water and soil conservation monitoring and management offices shall supervise and monitor the enforcement of the "Water and Soil Conservation Law" and these regulations. In conducting official duties in accordance with the law, water and soil conservation supervision personnel shall bring with them water and soil conservation supervision and monitoring documents issued by the people's government at and above the county level.

Chapter V. Legal Responsibility

Article 26. Illegal opening up of slope land for farming shall be fined one to two yuan for each square meter of land in accordance with Article 32 of the Law of Water and Soil Conservation.

Article 27. Arbitrarily opening up of barren slope land for farming shall be fined 0.5 to 1 yuan for each square meter of land in accordance with Article 33 of the Law of Water and Soil Conservation.

Article 28. When a fine is to be imposed in accordance with Article 34 of the Law of Water and Soil Conservation, the fine shall range from 500 yuan upward to no more than 5,000 Yuan.

Article 29. When a fine is to be imposed in accordance with Article 35 of the Law of Water and Soil Conservation, the fine shall range from two to five yuan for each square meter of the area suffering from water and soil erosion.

Article 30. When a fine is to be imposed in accordance with Article 36 of the Law of Water and Soil Conservation, the fine shall range from 1,000 yuan upward to no more than 10,000 yuan.

Article 31. Offenders who are guilty of destroying water and soil conservation facilities but who do not deserve criminal punishment shall be handled by public security organs in accordance with the Regulations of the People's Republic of China on Administrative Penalties for Public Security.

Article 32. In requesting a water administrative department to handle liability and indemnities, the requester shall submit an application report which must include the following items:

1. The basic circumstances of the party involved;
2. The time when damage from water and soil erosion is received, including the place of occurrence and the extent of damage;
3. Damage statement; and
4. Evidence.

Article 33. When water and soil erosion is caused by uncontrollable natural disasters, the units and individuals concerned shall report the following circumstances to the relevant water administrative department—the type, scale, and time of the irresistible natural disaster, as well as the measures taken to fight it; they shall not have to bear responsibility unless the water administrative department affirms, after investigation, that “the damage of water and soil erosion is unavoidable.”

Chapter VI. Supplementary Articles

Article 34. The Water Administrative Department of the State Council shall be responsible for explaining these Regulations.

Article 35. These Regulations shall go into effect on the day of promulgation.

Water-Extraction Licensing Rules Reported

HK2308122293 Beijing XINHUA Domestic Service in Chinese 2104 GMT 11 Aug 93

[Text] Beijing, 12 Aug (XINHUA) Rules for the Implementation of the Water-Extraction License System

Article 1. These rules are formulated in accordance with the “Water Law of the People's Republic of China” to strengthen the management of water resources, to save water, and to promote the rational development and utilization of water resources.

Article 2. The term water-extraction used in these rules means to directly extract water from rivers, lakes, and underground sources by means of water projects or mechanical facilities. All water-extraction units and individuals, with the exception of circumstances stipulated in Article 3 and Article 4 of these rules, shall apply for water-extraction licenses and extract water in accordance with these rules.

The water projects mentioned in the above section include sluices (excluding ship locks), dams, diversion hydropower stations across a river, channels, artificial river courses, siphons, and other water-extraction and water-diversion projects.

These rules are not applicable to the use of water supplied by tap water plants.

Article 3. It is not necessary to apply for a license to extract a small amount of water under the following circumstances:

1. To extract water for household use or to extract drinking water for domestic animals;
2. To extract a small amount of water for agricultural irrigation;
3. To extract a small amount of water with man power, animal power, or by other means. The limit for a small amount of water shall be fixed by the people's governments at the provincial level.

Article 4. It is not necessary to apply for a license to extract water under the following circumstances:

1. To extract water to meet urgent needs in fighting droughts in agricultural production;
2. To extract water to ensure safety in the construction of underground projects and safety in the production of mines;
3. To extract water to prevent or to eliminate harm to public security or public interests.

Article 5. In giving permission for water extraction, water needed for residents' daily life should first be ensured, and the needs of water for agriculture, industry, navigation, and environmental protection shall have unified planning with due consideration for all concerned.

Provincial people's governments may, in accordance with actual circumstances, define concrete order of priority in extracting water from specified water areas or zones.

Article 6. Permission for water extraction shall be in keeping with the comprehensive river valley planning and national and local plans for long-term water supply, and shall comply with approved plans or agreements for the amount of water to be distributed.

Article 7. The amount of water permitted to be extracted from underground sources shall not exceed the total extractable volume in the underground water sources annual plan of respective administrative areas and shall meet the requirements of the general layout of wells and water-extraction levels.

The total extractable volume in the underground water sources annual plans, the general layout of wells, and water-extraction levels shall be fixed by the water administrative department of the local people's government at or above the county level together with geological and mineral resources administrative department. The total extractable volume in the underground water sources annual plans, the general layout of wells, and water-extraction levels of the urban planning area shall be fixed together with the urban construction administrative department in addition to other departments.

Article 8. The extraction of underground water shall be strictly controlled and shall not be increased in areas where underground water is over-extracted. Water extraction is prohibited in areas where underground water is seriously over-extracted and filling facilities do not exist.

Underground water over-extraction areas and water-extraction prohibition areas shall be designated by the water administrative department of the people's government at or above the provincial level together with the geological and mineral resources administrative department and shall be submitted to the people's government at a corresponding level for approval; those involving an urban planning area or a source of urban water supply shall be designated by the water administrative department of the people's government at or above the provincial level together with the geological and mineral resources administrative department of the people's governments at a corresponding level and the urban construction administrative department, and shall be submitted to the people's government at a corresponding level for approval.

Article 9. The water administrative department of the State Council is responsible for the organization, implementation, supervision, and management of the water-extraction license system across the country.

Article 10. Construction units of new, renovated, and expanded construction projects which have the need to apply for or reapply for water-extraction licenses shall tentatively apply to the water administrative department of the people's government at or above the county level for water-extraction licenses prior to submitting reports on the design tasks of the construction projects; those which have the need to extract underground water in an urban planning area shall have their requests examined, verified, approved, and signed with comments by the urban construction administrative department prior to their tentative application to water administrative department for water-extraction licenses.

On receiving a tentative application for a water-extraction license from the construction unit, the water administrative department shall examine the application, discuss with relevant departments, and put forward written comments.

In submitting a report on the design tasks of a construction project, the construction unit shall attach the written comments of the water administrative department.

Article 11. After a construction project is approved, the construction unit shall, by virtue of the report on the design tasks and other relevant approved documents, apply to the water administrative department of the people's government at or above the county level for a water extraction license. A unit which has the need of extracting underground water in an urban planning area shall have its request first examined, verified, approved, and signed with comments by the urban construction administrative department and then examined and approved by water administrative department. The water administrative department may authorize the urban construction administrative department or other departments concerned to carry out the examination and to give the approval and specific ways shall be defined by the people's government of a province, autonomous region, or municipality.

Article 12. The state, collectives, and individuals which sponsor the construction of water projects or mechanical water-extraction facilities shall apply for water-extraction licenses; and those who jointly sponsor a project or facility shall choose through negotiations a representative to apply for a water-extraction license.

The amount of water to be extracted as specified in the application shall not exceed the stipulated amount of water to be extracted in the approved design of the water project or mechanical water-extraction facility.

Article 13. The following documents shall be submitted in applying for a water-extraction license:

1. An application for a water-extraction license;
2. Documents by virtue of which the application for a water-extraction license is made;
3. The written promise of a third party or relevant documents if the application for a water-extraction license involves the interests of a third party.

Article 14. The application for a water-extraction license shall include the following items:

1. The name and address of a unit or individual (hereafter called the applicant) applying for a water-extraction license;
2. The date to start and the date to stop water extraction;

3. The purpose of water extraction, the amount of water to be extracted, the amount of water used in each month of the year, and the guarantee rate;
4. The reason for the application;
5. The location of the water source and the location of water extraction;
6. The way to extract water;
7. Water-saving measures;
8. The location of the drainage point, major pollutants in water to be drained, and measures for treating the foul water;
9. Other items as required.

Article 15. In examining and approving applications for licenses for extracting underground water by large and medium-sized construction projects and applications for licenses for extracting underground water in areas of water sources supplying water, water administrative departments shall carry out the examination and give approval after the applications are examined, approved, verified, and signed with comments by the geological and mineral resources administrative departments. Water administrative departments can authorize geological and mineral resources administrative departments, urban construction administrative departments, or other departments concerned to examine and approve applications for licenses for extracting underground water mentioned above.

Article 16. The water administrative department or the department authorized to issue a water-extracting license shall make the decision on approval or disapproval within 60 days after receiving the application for a water-extraction license, and in an urgent case of water extraction, it shall make the decision on approval or disapproval within 30 days.

A geological and mineral resources administrative department or an urban construction administrative department shall send out comments on the examination and verification of the application within 30 days after receiving an application for a water-extraction license which should first be examined and verified by them and shall send out comments on the examination and verification within 15 days in an urgent case of water extraction.

A written notice on any dispute or lawsuit caused by the application of a water-extraction license shall be given to the applicant so that the applicant can apply again for a water-extraction license after the dispute or lawsuit is over.

Article 17. The unit that extracts underground water can start drilling a well only after the application for an underground water-extraction license is approved by the water administrative department or the department concerned authorized by it. After the well is sunk and

measured and the amount of water to be extracted is confirmed, the water administrative department or the geological and mineral resources administrative department, the urban construction administrative department, or other departments concerned, shall issue a water extraction license.

Article 18. After an application for water extraction is examined and approved and a water-extraction license is issued, the application is registered and is published at regular intervals.

Article 19. The application for the extraction of water under the following circumstances shall be examined and approved and a license shall be issued by the water administrative department of the State Council or the river valley management organ it authorizes:

1. The amount of water to be extracted exceeding the limit for a specific section of the mainstream of the Chang Jiang, the Huang He, the Huai He, the Hai He, the Luan He, the Zhu Jiang, the Songhua Jiang, the Liao He, the Jinsha Jiang, the Han Jiang, international rivers, boundary rivers, and rivers that flow into more than one province, autonomous region, or municipality;
2. The amount of water to be extracted exceeding the limits for boundary rivers and lakes of provinces;
3. The amount of water to be extracted exceeding the limits for the extraction of water from another province, autonomous region, or municipality;
4. The extraction of water by large construction projects approved by the State Council, for which the water administrative department of the State Council has authorized other departments concerned to examine and approve the application and to issue the water-extraction license, is excluded.

The specific river sections and limits mentioned in the above section shall be defined by the water administrative department of the State Council.

Article 20. If the application for a water-extraction license is not approved, but the applicant thinks that the application meets the legal requirements, the applicant may apply, according to law, for reconsideration, or may file a lawsuit with the people's court.

Article 21. Under any of the following circumstances the water administrative department, or the department it authorizes to issue a water-extraction license, may, in accordance with its limits of authority and with the approval of a people's government at or above the county level, reduce or limit the amount of water to be extracted by a water-extraction license holder (hereafter called the license holder):

1. The water source cannot meet the needs of the normal supply of water to a specific locality due to a natural cause;

2. A serious over-extraction of underground water, or the sinking of the ground or other geological disaster caused by the extraction of underground water;

3. The total amount of water extracted for the society increases and no additional water source is available;

4. Any change in the amount of water to be extracted following any change in a product, its output, or its production process;

5. Other special circumstances that require to reduce or limit water extraction.

Article 22. The relocation of a water-extraction point due to a natural cause shall be approved by the original approving organ.

Article 23. If the water consumption of a water-extraction unit exceeds the stipulated standard, the water administrative department shall, together with other departments concerned, instruct the unit to make improvement or correction within a time limit. If the time limit is reached but the stipulated requirements are not met without a proper reason, the amount of water to be extracted can be reduced in accordance with the specified water utilization standard after obtaining the approval of the people's government at or above the county level. If there are special clauses concerning this in the "Urban Water-Saving Management Rules," such clauses shall be followed.

Article 24. If the extraction of water is suspended without interruption for one year, the water administrative department or another administrative department which it authorizes to issue water extraction licenses shall carry out inspection and verification, and report to the people's government at or above the county level to obtain approval for revoking the water-extraction license. However, if the uninterrupted suspension of water extraction for one year is caused by force majeure or by major technical transformation, the water-extraction license shall, with the approval of the people's government at or above the county level, not be revoked.

Article 25. The reduction or limitation of the amount of water to be extracted according to a license approved according to these rules by the water administrative department of the State Council or by the river valley management organ it authorizes shall be approved by the original organ which has approved the issuance of the water-extraction license and the revocation of the water-extraction license shall be approved by the water administrative department of the State Council.

Article 26. A water-extraction license is not transferable. A water-extraction license becomes invalid when the water-extraction period expires. Any application for the extension of the water-extraction period shall be submitted to the original organ which has approved the issuance of the water-extraction license 90 days before the water-extraction period is over. The original organ which has approved the issuance of the water-extraction

license shall make the decision on approving or not approving the application within 30 days after receiving the application.

Article 27. The license holder shall extract water in accordance with the stipulations of the water-extraction license.

The license holder shall submit an annual plan for the utilization of water before starting water extraction and a summary of the utilization of water in the first month of the next year to the water administrative department. The license holder which extracts underground water shall submit a copy of the annual plan and summary of the utilization of water to the geological and mineral resources administrative department, and the license holder which extracts water from the urban planning area shall also send a copy of the annual plan and summary of the utilization of water to the urban construction administrative department.

The license holder shall install measuring facilities and submit water-extraction report sheets.

When the water administrative department or the department which it authorizes to issue the water-extraction license is inspecting the situation of water extraction, the license holder shall offer assistance, such as providing data on measurements of the amount of water extracted and other data concerned.

Article 28. Under any of the following circumstances, the water administrative department or the department it authorizes to issue the water-extraction license shall give instructions on correcting illegal acts within a time limit and in a serious case, shall report to the people's government at or above the county level and seek approval for the revocation of the water-extraction license.

1. The extraction of water without following stipulations concerned;

2. A measuring facility not installed within specified time limit;

3. The refusal of providing data on the amount of water extracted and other data, or the act of providing false data;

4. The refusal of implementing the decision on reducing or limiting the amount of water to be extracted made by the water administrative department or the department it authorizes to issue the water-extraction license;

5. The illegal sale of water extracted in accordance with the water-extraction license.

Article 29. The water administrative department or the department which it authorizes to issue water-extraction licenses shall give instructions on stopping any extraction of water without approval.

Article 30. If a water-extraction license is transferred, the water administrative department or the department

which it authorizes to issue the water-extraction license shall revoke the water-extraction license and confiscate what is illegally obtained therefrom.

Article 31. If the extraction of water in violation of these rules has resulted in an obstacle or damage to others, the infringement shall be stopped, the obstacle removed, and the damage compensated.

Article 32. If the individual or unit concerned refuses to accept the decision on meting out administrative punishment, he may apply for reconsideration or file a lawsuit in accordance with the provisions of "The Administrative Procedure Law of the People's Republic of China" and the "Regulations on Administrative Reconsideration." If the individual or unit concerned does not apply for reconsideration or does not file a lawsuit with the people's court, but does not implement the decision on meting out punishment, the organ which has made the decision on meting out punishment can apply to the people's court for forcible execution or can carry out forcible execution according to law.

Article 33. Any unit and individual who already extracted water before the implementation of these rules, with the exception of the extraction of water under the circumstances mentioned in Article 3 and Article 4 of these rules, shall register with the water administrative department of the people's government at or above the county level and obtain water extraction licenses, and the water-extraction registration of those who extract water in an urban planning zone shall be carried out by

the water administrative department of the people's government at or above the county level together with the urban construction administrative department. The rules for water-extraction registration shall be formulated by the people's government at the provincial level, the water administrative department of the State Council, or the river valley management organ its authorizes.

Article 34. The particulars of the application form for a water-extraction license shall be drawn up by the water administrative department of the State Council in a unified manner.

Only the cost of production shall be collected in issuing water-extraction licenses.

Article 35. In areas where water resources are abundant, the people's government at the provincial level, with the approval of the water administrative department of the State Council, can temporarily not implement the water-extraction license system.

Article 36. The people's governments of provinces, autonomous regions, and municipalities can formulate detailed rules for implementation in accordance with these rules.

Article 37. The power of interpretation of these rules shall be vested in the water administrative department of the State Council.

Article 38. These rules come into effect on 1 September 1993.

East Region

Fujian Speeds Up Economic Development

OW2708105293 Beijing XINHUA in English 0959
GMT 27 Aug 93

[Text] Fuzhou, August 27 (XINHUA)—East China's Fujian Province has focused on improving investment conditions to boost export-oriented business.

Facing Taiwan across the Taiwan Strait, Fujian was one of China's earlier provinces to carry out reforms and open up further to the outside world.

However, a provincial official said, due to historical reasons, the province's economic foundation remained backward until 1979 when Fujian began economic reform.

The provincial government spent seven years on improving the economic foundation. It began to develop the economy in 1986 and speeded up the development in 1990.

Based on last year's high-speed development, the official noted, the gross provincial product, industrial output value, rural industrial output value and financial income in the first seven months of this year rose by 25.7 percent, 36.6 percent, 109 percent and 16.58 percent respectively over the same period last year and all higher than the average national rate of increase.

While boosting local economy, the Fujian Provincial Government pays attention to export-oriented economy.

Fujian has approved the establishment of 2,998 overseas-funded enterprises involving investment totalling 7.2 billion U.S. dollars in the first seven months of this year, an increase of 141 percent and 263 percent respectively over the same period last year.

Overseas investment in Fujian is increasing proportion in the service industries and expanding from coastal areas to interior and mountainous regions.

So far, the province has 11,000 overseas-funded enterprises with a combined investment of 18.4 billion U.S. dollars on contract. Altogether 4,600 enterprises have gone into operation.

The first seven months of this year saw the province exporting 2.812 billion U.S. dollars worth of goods, up 38.9 percent over the same period last year, and imported 1.726 billion U.S. dollars worth of goods, up 93.33 percent.

To further improve infrastructure facilities, the Fujian Provincial Government has spent more on building airports, ports and telecommunication facilities and power projects this year.

With approval of the State Council, Fujian has set up the Xiamen Jimei Zone for Taiwan investors, two bonded zones in Xiamen, one of China's five special economic

zones, and Fuzhou, the provincial capital, two economic and technology development zones and two state tourism and holiday resorts in other parts of the province.

While expanding the Fuzhou economic and technology development zone from 4.4 square kilometers to 10 square kilometers, Fujian has further opened a number of cities and counties to the outside world.

In addition, the provincial government has issued a package of preferential policies to attract overseas investment.

According to Zhang Jiakun, deputy governor of the province, Fujian has formed an overall-opening to the outside world.

Jiangsu Implements Social Insurance System

OW2608015193 Beijing XINHUA in English 0058
GMT 26 Aug 93

[Text] Nanjing, August 26 (XINHUA)—A social insurance system has taken shape in east China's Jiangsu Province.

By the end of June this year, old age pensions in the province were available to more than 25 million people still working and 1.1 million retired workers—200,000 and 60,000, respectively, more than in the same period of last year.

In the first half of this year 23,000 retired workers got more than 4.9 million yuan from the social insurance sector, six times more than last year.

Reforms in industrial injury compensation, child birth and medicare insurance are also developing rapidly, contributing a lot to the smooth transfer of China's economic mechanism.

Retirement pay used to be taken care of exclusively by enterprises in China, which accounted for more than one-third of workers' salaries in some cases.

In 1985 Wuxi and Taizhou cities in Jiangsu started to experiment with a retirement fund system. A fixed portion of a worker's salary was saved for the retirement fund. Since 1992 workers in the province have started to save two percent of their salaries for their retirement.

When the province was hit by serious flooding in 1991 social insurance organs set aside 295 million yuan to ensure the livelihoods of retired workers in 42 counties and cities. In 1992, the province's social insurance organs increased the amount they provided as old age pensions by 850 million yuan.

Nanjing Commutes Sentences of More Than 600 Prisoners

HK2708051693 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1319 GMT 24 Aug 93

[Text] Nanjing, 24 Aug (ZHONGGUO TONGXUN SHE)—At a rewards and punishments meeting held in the Eighth Jiangsu Provincial Reform-Through-Labor Detachment in Guantang, Nanjing, the Nanjing City Intermediate People's Court today announced that the sentences of 154 prisoners would be commuted by half a year to two years and two months, of whom 76 could leave jail within the next few days. However, the sentences of three prisoners were increased by one to four years on charges of having tried to escape.

To convicts who are sentenced to reform through labor, having their sentences commuted—which depends on how well they have reformed themselves while serving their sentences—is undoubtedly the highest encouragement and reward.

Some 1,800 prisoners attended today's "rewards and punishments" meeting. At a meeting, 10 days prior to the current one, held by the Nanjing City Intermediate People's Court in the Ninth Jiangsu Provincial Reform-Through-Labor Detachment to announce sentence reductions and releases on parole, 469 prisoners had their sentences commuted or were released on parole, and more than 70 prisoners were released after their sentences had expired because of the sentence reductions given to them. It is said that the meeting was the largest one ever held in Nanjing City in terms of the range of sentence reductions and releases on parole and the number of prisoners involved.

Interested people point out: The Nanjing City Intermediate People's Court's current offer of releases on parole and sentence reductions fully embodies China's policy toward criminals that combines "punishment with leniency" and "gives a chance to turn over a new leaf." It has been reported that at the end of this year, Nanjing will again announce sentence reductions and releases on parole to a number of prisoners.

Shanghai Leaders Study Jiang's Speech on Corruption

OW2608153393 Shanghai People's Radio Network in Mandarin 2300 GMT 21 Aug 93

[From the "Morning News" program]

[Excerpts] At the Second Plenary Session of the Central Discipline Inspection Commission, General Secretary Jiang Zemin delivered an important speech on the struggle against corruption. Shanghai should conscientiously study the speech, resolutely implement it, adhere to the party's basic line in accordance with the requirements of the party Central Committee, focus on the central task of economic construction, effectively strengthen the anti-corruption struggle, and push ahead the building of a good party work style and a clean

government in the new situation. This is the view expressed by Shanghai's principal party, government, and military leaders after studying Jiang Zemin's 21 August speech.

Wu Bangguo, member of the CPC Central Committee Political Bureau and secretary of the Shanghai Municipal CPC Committee, presided over the study meeting. He said: General Secretary Jiang Zemin's speech is very important. We must study it conscientiously; unify the thinking of the cadres, especially the cadres at and above the bureau level and in the municipality; and effectively implement his speech in line with the practical situation in Shanghai to ensure that the anti-corruption struggle in Shanghai will score some initial achievements within this year.

Participants at the meeting freely exchanged views on what they had gained after studying the speech. [passage omitted]

To promote the building of a good party work style and a clean government in Shanghai, the Shanghai Municipal CPC Committee has decided to convene a meeting of party cadres in the near future to brief them on the guidelines of the Second Plenary Session of the Central Discipline Inspection Commission and to arrange the anti-corruption struggle in Shanghai.

'Roundup' Views Shanghai's Foreign-Funded Enterprises

OW2708040593 Beijing XINHUA in English 0226 GMT 27 Aug 93

[Roundup: "Foreign-Funded Enterprises in Shanghai Profitable"]

[Text] Shanghai, August 27 (XINHUA)—China's open policy, daily improving investment conditions and burgeoning markets are providing better conditions for foreign-funded enterprises.

In Shanghai, China's largest economic center, over 90 percent of foreign-funded enterprises are profitable and are becoming the main force in the municipal economy.

A survey of 1,400 foreign-funded enterprises in Shanghai shows that the sales volume of these enterprises totalled 18.985 billion yuan-worth in the first half of this year. Included were industrial sales totalling 17.1 billion yuan, accounting for 11 percent of the city's total.

These enterprises delivered 1.057 billion yuan in taxes to the Chinese Government, accounting for 10 percent of the city's total.

They obtained 2.4 billion yuan in profits in the first six months of this year, an increase of 98 percent over the same period of last year.

The growth rate per capita for labor productivity during this period was 84,000 yuan-worth, four times as much as that of the city's industry.

At present, profits made by foreign-funded enterprises in the trades of motor vehicle manufacturing, meters and instruments, light industry and machinery and electrical appliances account for more than 50 percent of the city's total.

Among China's 500 most efficient enterprises are the Shanghai Bell Telephone Equipment Manufacturing Company Ltd, the Shanghai Foxboro Company Ltd and the Shanghai Shen-Mei Beverage and Food Company Ltd, whose growth rate per capita for labor productivity is about 10 times higher than for their counterparts in other parts of the country.

Economists attribute the good results to Shanghai's improved investment conditions and the city's advantages in skilled people, science and technology and auxiliary production facilities.

Of the 300 largest foreign-funded enterprises in China, 53 are in Shanghai, according to the economists.

An official of the Shanghai Foxboro Company Ltd said that the success of his company has resulted from employing automatic control systems.

Analysing the reason why foreign-funded enterprises make profits, Tian Bingnan, an official of the municipal statistics bureau, said, "these enterprises with advanced technology, equipment and management suffer less interference and are truly independent in economic operation."

More and more transnational corporations are seeking to make investments in Shanghai.

According to statistics, Shanghai approved the establishment of 201 foreign-funded projects each with an investment of more than five million U.S. dollars in the first six months of this year, double the figure for the same period of last year.

An official with the municipal foreign investment committee estimated that the amount of foreign investment which the city will absorb this year will double last year's 3.357 billion U.S. dollars.

Shanghai's Yangpu Bridge To Open to Traffic

OW2708092293 Beijing XINHUA in English 0754
GMT 27 Aug 93

[Text] Shanghai, August 27 (XINHUA)—The Yangpu bridge across the Huangpu River in Shanghai, China's leading industrial center, will open to traffic next month, around September 20.

The double-towered and cable-stayed bridge is 7,658 meters long, with the main span standing at 602 meters. It is said to be the largest of such bridge in the world.

The bridge crosses the lower reaches of the Huangpu River. There are two bridges across the upper reaches of the river.

When the bridge opens to traffic, it will be able to handle 50,000 motor vehicles a day and allow ships of 55,000 tons deadweight to pass underneath.

An official of the Yangpu bridge construction headquarters said that the bridge cost 1.33 billion yuan.

The new bridge will greatly help improve the traffic flow between the Pudong new area and the business center of the city, the official noted.

North Region

Beijing's Chen Xitong Views Research, Study

SK2608140193 Beijing BEIJING RIBAO in Chinese
30 Jul 93 p 1

[By Sun Yushan (1327 3768 1472): "Research and Study Should Be Aimed at Solving Problems Regularly and Systematically"]

[Text] On 26 and 29 July, the standing committee meeting of the municipal party committee listened to the reports on research and study work of various municipal departments, commissions, and offices as well as various districts and counties. Chen Xitong, secretary of the municipal party committee, presided over the meeting and made a speech. He stressed the necessity of further deepening the understanding of research and study to solve problems regularly and systematically.

Li Qiyan, Wang Daming, Li Zhijian, and Chen Guangwen listened to the reports.

Since last April when the municipal party committee made arrangements for research and study and demanded top party and government leaders to personally conduct research and study, various departments of the municipal party committee and government as well as various districts and counties have conscientiously implemented the arrangements, defined the subjects to be researched and studied, conducted research and study in all fields, and analyzed and studied new problems, thus achieving a number of results and solving a number of practical problems.

At this meeting, leaders of some departments, commissions, offices, districts, and counties reported the situations, results, and their personal experiences on building the socialist market economic system, on accelerating reform, opening up, and modernization, on strengthening and improving party leadership, and on strengthening the building of democracy and the legal system, the building of clean government, and the building of a spiritual civilization.

In his speech, Chen Xitong pointed out: Various departments, districts, and counties have conscientiously conducted research and study around much-debated and difficult issues and have solved practical problems while conducting research and study, thus promoting the work of their departments and localities. Some reports are

very good because they embrace some specific cases, analyses, contents, new ideas, and new languages. But, some are not good because they only give general cases and ideas. Leaders should personally conduct research and study and think of problems so that they can ascend from the perceptual stage of cognition to the rational stage of cognition. This is an important leap. In conducting research and study, leaders should go from the level of practice to the level of theory. With a success in this regard, they can guide the practice even better. Going from theory to practice is an even more important leap. Practice-understanding-repractice-reunderstanding is a continuously deepened process. We must exert great effort in it.

Chen Xitong demanded: Various departments, districts, and counties should further deepen the understanding of research and study and firmly grasp research and study by consciously implementing the guidelines of Comrade Jiang Zemin's important speech that all comrades of the party, leading cadres at all levels in particular, must go deep into the realities of every field to conduct research and study under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. Leading cadres must clearly understand that the busier they are, the more they should conduct research and study, and once their researched and studied results are proven accurate, their ideas will be accurate and their achievements will be great. If they think that they are too busy to conduct research and study, they will get half the results with twice the effort. Research and study are aimed at solving problems and promoting work, but not at making reports and handing papers to higher levels. Leading cadres should personally attend to making research and study instead of regarding it as the affair of research and study departments. Now, many leading comrades have begun drawing benefit from research and study and, thus, they conduct research and study on their own initiative rather than passively. This is a leap. We should let all leading bodies have such an understanding.

Chen Xitong said: Research and study methods adopted by various departments, districts, and counties are very good. Fighting jointly rather than individually and commonly organizing forces to conduct research and study are very good methods. Research and study should not be slackened and halted. After achieving some results, we should continue to set some new subjects of research and study. We should pay attention to not only present subjects but also long-term subjects. We should continue to add new contents to carry it out protractedly.

Chen Xitong affirmed the method of conducting research and study regularly and systematically. He said: We should set some rules. For instance, major policy decisions must be made through research and study; research and study should be regarded as a content of the early-year plans, mid-year examination, and year-end summary; research and study should be regarded as a criterion to evaluate the official performances of cadres; research and study results should be fully utilized instead of being laid aside.

Chen Xitong stressed: Leading cadres and the ranks of research and study workers should continuously study theories and policies under the guidance of Comrade Deng Xiaoping's theory of building the socialism with Chinese characteristics, should organically integrate study with research and study, and should persistently participate in practice. Leading cadres should also study philosophy, economics, literature, and history to enrich their knowledge and improve their standard of theory and their writing skill. Leading cadres should personally write articles of research and study. I hope that various departments, districts, and counties should solve even more problems, even better, through research and study.

Wang Baosen, Wang Tong, Yang Chaoshi, Duan Bingren, and Wei Qiang also listened to the reports.

World Bank Projects 'Progressing' in Beijing

OW2708113693 Beijing XINHUA in English 0912 GMT 27 Aug 93

[Text] Beijing, August 27 (XINHUA)—The pollution control projects financed by the World Bank loans have been progressing smoothly.

The projects include five municipal environment protection sub-projects and six industrial pollution control sub-projects. They aim at improving the environment in parts of the city and the quality of part of the rivers and drinking water sources. The whole scheme, scheduled to take five years to complete, is expected to cost 1.68 billion yuan.

According to municipal officials, of the loans from the World Bank, some 80 million U.S. dollars will go to five municipal environmental protection projects, and the rest will be used for 6 other industrial pollution control projects.

Over the past year, the city has completed the heat supply project in the western part of the city, which will help do away with the coal stoves in that part of the city. Other projects completed include sewage systems totaling 40 km in different parts of Beijing. A number of other sewage control projects are going on well. After completion by 1995, it will enable half of the city's sewage water to be treated and free two major rivers in the city from pollution.

The industrial pollution control projects are still going on or are in the stage of preparations. The projects include the municipal environmental planning, a refuse disposal plant, the control of solid industrial wastes, the renovation of a chemical plant and the moving of two factories. The projects are expected to be completed in about a year.

Lewis Preston, president of the World Bank, visited Beijing in April and May to inspect the projects and was satisfied with their progress.

Inner Mongolia Secretary on Reform Work
SK2608131293 Hohhot NEIMENGGU RIBAO in Chinese 31 Jul 93 p 1

[By reporter Wang Jie (3769 3381) and Inner Mongolia Radio station reporter Niu Yaming (3662 0068 5407): "Seize the Opportunity, Deepen Reform, and Accelerate Economic Development in Our Region's Banners and Counties"]

[Text] At the regional enterprise reform work conference which ended yesterday afternoon, Wang Qun, secretary of the regional party committee, gave a speech in which he stressed: Banner and county economy has occupied a very important position in the whole region's economic development. Under the conditions of strengthening the macroeconomic regulation and control, only by successfully developing the economy of 100 banners, counties, cities and districts can we be able to maintain a sustained, speedy, and sound economic development in the whole region.

The conference was presided over by Wu Liji, deputy secretary of the regional party committee and chairman of the regional government. Qian Fenyong and Wang Zhan, deputy secretaries of the regional party committee; and Wuyunqimuge, member of the standing committee of the regional party committee; and leaders of the regional people's congress, the regional government and the regional committee of the Chinese People's Political Consultative Conference attended the conference.

Wang Qun's speech was divided into seven parts: 1) On the new situation facing the banner and county economic development; 2) on the basic way to develop the banner and county economic development; 3) on paying attention to the foundation of agriculture and animal husbandry and actively developing township enterprises; 4) on accelerating the pace of opening up banners and counties; 5) on deepening the comprehensive supporting reforms in banners and counties; 6) on strengthening the building of banner and county leading bodies; and 7) on upholding the strategic principle of taking a two-handed approach.

In referring to the new situation facing economic development in banners and counties, Wang Qun said: At present, in the economic development of banners and counties, the situation of the coexistence of opportunity and challenge has remained unchanged. In addition, in a certain sense, the practice of strengthening macroeconomic regulation and control has brought us a new opportunity. This is because of the contradictions and problems emerging in the economic life. The fundamental reason for this is that the economic system has not yet improved. To solve these contradictions and difficulties, we must find a way out by deepening the reform of systems and seek a breakthrough by accelerating the change of mechanism. As far as our Inner Mongolia is concerned, it should not only conscientiously solve the issue of "good" development but also

prominently solve the issue of "quick" development in an effort to change the current situation in which the economy is increasing at a low rate.

Wang Qun pointed out: The key to developing banner and county economy lies in finding a way that suits the local characteristics and conforms to the socialist market economy law. During recent years, our region has found a way of invigorating the banner and county economy by combining crop cultivation with aquaculture and processing industry and by integrating foreign trade, industry, and agriculture (animal husbandry). This banner and county economic development way fits the development level of productive forces in most of the localities in our region and is conducive to linking the agricultural and animal husbandry production with market demand, optimizing the organization of the essential production factors of the urban and rural areas, and rationally readjusting the industrial structure. It is a successful way for leading agriculture and animal husbandry to transform from a semiself-sufficient economy into the market economy and a short-cut for developing banners and making the people prosperous. Therefore, even those banners and counties with relatively rich natural resources should not deviate from this basic way. He said: Judging from the practice of many banners and counties in our region, the practice of combining crop cultivation with aquaculture and processing industry and of integrating foreign trade, industry, and agriculture (animal husbandry) is a huge project of the whole society because it involves all aspects of work during the urban and rural economic system reform. The party committees and governments of various banners and counties should be good in controlling the overall situation, strengthen organizational leadership, attend to comprehensive coordination, adopt a strict and practical work style, eliminate all sorts of contradictions, create a good environment for combining crop cultivation with aquaculture and processing industry and for integrating foreign trade, industry, and agriculture (animal husbandry). Only by so doing can we be able to instill vitality into economic development and guarantee all banners and counties to invigorate their economy quicker and better.

In referring to how to successfully grasp the foundation of agriculture and animal husbandry and to actively develop township enterprises, Wang Qun said: During recent years, we have achieved very good results in grasping agriculture and animal husbandry. However, if we judge the results with the standards of modernized agriculture and animal husbandry, we still lag far behind in many aspects. Our region's agricultural and animal husbandry foundation is fairly weak. We still need to engage in arduous struggle and to grasp it with strenuous efforts. We should not slacken our efforts in this aspect at any time and under any circumstances. The work which we must do well at present is to pay attention to turning our practice of seeking an increase in product quantity into satisfying the food and clothing needs of peasants while developing agriculture and animal husbandry and move toward the path of simultaneously

stressing high yield and good quality and of raising efficiency. Continued efforts should be made to build capital construction of farmland and grassland projects centering on water conservation, to strive to increase input in agriculture and animal husbandry, unceasingly to improve the production conditions, and to raise the comprehensive production capacity. While guaranteeing that peasants and herdsmen increase production, we should also enable them to unceasingly increase income. All levels and all departments should pay attention to considering the material benefits of peasants and herdsmen while giving overall guidance, strive not to give IOU credit notes to them in the cause of purchasing farm produce and animal by-products, realistically reduce their burdens, and guarantee that peasants and herdsmen will unceasingly enhance their actual living standards while developing production.

During the first half of this year, our region's township enterprises witnessed a strong development trend. Their total output value reached 7.244 billion yuan, showing an increase of 117.3 percent over the same period of last year, and their various economic targets all set highest historical records of the same period. In this connection, Wang Qun said: The great development of township enterprises is out of the expectation of many people and gives us a great deal of enlightenment. That is to seize the opportunity and to make some strategic readjustments in some township enterprises, including the readjustment of guiding ideology, development rate, policy measures, and organizational leadership. For example, in guiding ideology, we should establish the ideology of allowing township enterprises to take an "important seat" and play a "leading role" in the economic pattern of banners and counties. Banners and counties should gradually include secondary and tertiary industries to the path of township enterprises. The existing county state-owned enterprises should also absorb and draw lessons from the operational mechanism of township enterprises. Our region has started the development of township enterprises fairly late, and the base figure is quite small. We should maintain a fairly high development rate in this aspect. Through effective policy guidance, we should induce a great batch of technical and managerial personnel of state-owned enterprises and scientific research units to work in township enterprises. The state-owned large and medium-sized enterprises should play a role in helping and leading township enterprises. Party and government organs should also transfer a number of cadres to work in township enterprises. Township enterprises should be concentrated on places where conditions are fairly good so as to gradually form a small community of township enterprises. It is necessary to follow the market law and gradually form a batch of township enterprise groups through the readjustment of the enterprise organizational structure. In scientific and technological progress, we should give prominence to activities on "linking urban enterprises with rural ones and making large enterprises bring along the small ones." We should base ourselves on converting our rich natural resources into products to increase their value,

and run a number of new township enterprises with a high starting point and strong competitiveness on the market. The party and government top leaders should grasp this work with extremely great energy and strive to create a good environment of caring for, paying attention to and supporting the development of township enterprises.

In the light of the issue of accelerating the pace of implementing the open policy in banners and counties, Wang Qun pointed out: The openness of banners and counties is an important component of the whole region's efforts to open up to the outside world. Further expanding the degree of opening various banners and counties to the outside world will greatly promote the progress of the whole region's opening up. To accelerate the development of banner and county economy, we must speed up the pace of opening up, introduction and cooperation of banners and counties. This is the effective way for efficiently overcoming such factors of restriction as the shortage of funds, backward technology, lack of trained personnel, and outdated equipment. Under the current situation in which the funds are generally in short supply, acceleration of opening up has become particularly urgent and important. Leaders at all levels, leading comrades of banners and counties in particular, should further emancipate their minds, realistically overcome ideological obstacles, make bold policy decisions, and expand the degree of opening up. In addition, they should be good at opening up, proceed from reality while formulating enlightened policies for opening up and introduction, and realistically enhance the appeal of policies; train and cultivate a batch of open type of trained personnel who are willing to suffer hardships, fear no difficulties, and dare to go out; strive to open up the channels of development, introduction, and cooperation; adopt flexible and diversified forms, and use all favorable conditions they may use; strengthen confidence and cultivate an indomitable spirit of never stopping until one's goal is attained. All banners and counties should act in line with the demand of developing a socialist market economy, cultivate a concept of regional economy and the concept of unified big market, realistically consider their local economic development as a regional one and arrange plans, and organize the economy in line with the demands of the regional economy.

On the issue of deepening the comprehensive supporting reform of banners and counties, Wang Qun stressed: First of all, we should accelerate the reform pace and intensify the reform strength. Second, we should enhance the level of supporting reforms and conduct reform more scientifically. Third, we should persist in making reform serve the market and attach simultaneous attention to reform and development. We should deepen reforms in banners and counties and accelerate the development of the banner and county economy, combine the work of these two aspects together, and realistically use reform to promote development. This is the basic criterion for measuring the success or failure of reform.

Report on Tianjin Development Zone

OW2608095993 Beijing XINHUA Domestic Service in Chinese 2111 GMT 17 Aug 93

[By reporters Zhang Hongwen (1728 1347 2429), Meng Zijun (1322 1311 0689), and Liu Qinglu (0491 1987 4389)]

[Text] Tianjin, 18 Aug (XINHUA)—When Deng Xiaoping inspected the Tianjin Economic and Technological Development Zone on 21 August 1986, he gladly wielded the brush to write an inscription: "The development zone is full of promise." Seven years have passed, and eye-catching great achievements have been made on this promising land by now.

Reporters saw from the report forms prepared by the development zone's statistical bureau that, in the first half of 1993, it registered a total industrial output value of 2.15 billion yuan, a financial revenue of 180 million yuan, and profits worth 296 million yuan, up 54.6, 110.4, and 52.3 percent, respectively, from those in the same period last year. According to the information provided by the State Council Special Economic Zones Office, 10 indicators of the Tianjin Development Zone, including financial revenue, tax revenue, and the number of the "three kinds of partially or wholly foreign-owned enterprises" newly approved, took the leading rank among the nation's coastal development zones whose 18 indicators are on-line.

How can the Tianjin Development Zone, as an important window in north China open to the outside world, maintain such a strong momentum of growth? During an interview with reporters, Director Yi Zhikuan, of the zone's management committee, said: "The key lies in our encouraging the spirit of pioneering an enterprise in the new period and persistence in taking the road of rapidly building a high-standard industrial zone with less input and more output."

"Three-Stage" Development

This was an original method of development created by the Tianjin Economic and Technical Development Zone. It started with incurring debts for development, went through the stage of rolling [continuous] development, and progressed to financed development in all parts of the zone.

At the end of 1984, a picked contingent of competent personnel arrived in the development zone to contribute. On this coastal wasteland of saline-alkali soil, they started the expedition of establishing ties between China's economy and the world market without any financial support from the state or from the local government. They obtained 370 million yuan in loans from the bank for development, and rationally managed the loan by using it where it was needed most. They erected a 3 square km-area industrial quarter for inaugurating the development zone and a 2 square km-area living area

in only three years. Ninety enterprises commenced production and accumulated over 10 million yuan in financial revenue.

Instead of using the revenue to erect office buildings and living quarters for staff and workers, they invested it with a loan of 370 million yuan in construction of infrastructure projects to improve the investment environment. This was rolling development. They had the capability of using their own revenues to promote rolling development on a 1-square-km area in 1990. It made them stand out among coastal development zones. By the end of last year, the Tianjin Development Zone committed a total of 775 million yuan, and developed 5 square km of industrial quarters and 2.5 square km of living quarters.

However, as China opened its doors wider to the outside world, rolling development could no longer meet the needs of foreign investors who kept pouring in. Therefore, they began financed development in all parts of the zone. So far, the agreements for a 1.2-square-km plot of land for a ROK rural people's commune, a 1.3-square-km plot of land for the Jintai Group, and a 3.65-square-km plot of land for the Taifeng Group have been signed, and agreements for land development for a German industrial park and the Singapore [Sai Ge] [1049 2706] Group are also going to be entered into. A new upsurge of foreign investments is quietly in the making.

The Pattern of "Three Aspects Playing the Dominant Role"

The Tianjin Development Zone rationally chose the pattern of development "with industry, utilization of foreign funds, and the earning of foreign exchange from exports playing the dominant role" as soon as construction started. They believed that the point for a development zone in such an old industrial base as Tianjin to make a sally and achieve a breakthrough point in exploring a way of industrial modernization that would produce high economic returns and would gradually enable the zone to converge with the international market, and also in striving to achieve first-rate industrialization to give an impetus to the development of the mother city as well as its peripheral areas.

Practice proved that its choice of the "three aspects playing the dominant role" development pattern was completely correct. First, the development zone was able to employ the most advanced industries and technologies of our times to rapidly establish a new modern economic zone and to form an industrial system with the machine-building, electronics, new building materials, fine chemical industry, light industry, textile, biomedicine drug, and food processing sectors playing the dominant role. These sectors accounted for 82 percent of the total number of enterprises in the zone. This not only promoted Tianjin's industrial development, but also made a number of products fill in the gaps existing in

Tianjin, increased its foreign trade and exports, and accelerated the process of convergence with the international market.

Furthermore, the pattern enabled the Tianjin Development Zone to implement the principle of "relying on and giving an impetus to the hinterland, sharing profits with it, and making joint efforts to achieve prosperity." So far, over 2,000 domestically funded enterprises and enterprises with lateral economic ties at home from various areas across the country have registered in the development zone. They injected funds worth over 6 billion yuan. The development zone provided an expanding market for raw and semifinished materials, primary products, and partly finished goods for these areas, thereby raising the grade of the products of the enterprises in these areas and producing very remarkable macroeconomic returns.

"1-2-3" Effect

The Tianjin Development Zone has been industrious and thrifty in managing its "foreign affairs." It highly values its land and does its best to produce the maximum output with a minimum input.

When examining projects for approval, the development zone's industry and commerce administration uses the ratio between projects and investment amount and between investment amount and the area of land used as the criterion to measure investment density. It either requires a minimum investment of between \$1.5 and \$1.8 million for every project or requires a minimum amount of between \$300 and \$400 for input in every square meter's area of land. The development zone has the right to take back the portion of land that it has approved but remains idle because the project owner has been approved more land than is necessary or the portion of land not used within the time limit stipulated in its agreement.

The key to pursuing a high density of investment depends on managers' confidence in the zone and on the concurrence of investors. Over the past eight years, the Tianjin Development Zone has worked hard to build a true international investment environment. The measures taken include efforts to ensure that work is done speedily and efficiently, to build a better legal system, to enact laws and standardized regulations, to improve intermediate services conforming to international practice, and to perfect the social insurance system. Every organ and worker in the zone has integrated the efforts to create a good image of themselves with the desire to create a good investment environment, doing their best to wholeheartedly serve foreign businessmen and foreign-funded enterprises. The assessment report prepared by the U.S. United Planning Corporation, at a cost of \$467,000, says: "Because of its good investment environment, the Tianjin Development Zone has drawn in more foreign investments than some export-processing zones in Taiwan, Korea, and Thailand."

The hope remains evergreen. The Tianjin Development Zone's vigor continues to thrive. By the end of June this year, the zone had approved applications by 1,284 foreign-funded enterprises, of which 43 are large and medium projects or high-technology projects with an investment of over \$10 million each and over 50 are global transnational corporations. The Motorola Corporation of the United States, which manufactures about half the number of the world's cellular telephones, finally invested \$120 million in the Tianjin Development Zone after spending four years in comparing various development zones. Recently, the corporation decided to increase its investment by \$130 million. Most of the enterprises in the zone are operating normally, and four of them have an annual output value exceeding 100 million yuan. Motorola is renting a small workshop for production because its own factory building has not been built yet. Its output value reached 350 million yuan in the first half of this year.

In eight years, the Tianjin Development Zone has successfully achieved the input-output ratio of "1-2-3"—achieving the virtuous cycle of making an input of 1 yuan attract \$2 of investment and yield an output value of \$3. It should be said that this is a miracle in the history of development in China.

Northeast Region

Heilongjiang Secretary Views Antismuggling Work

SK2708113093 Harbin HEILONGJIANG RIBAO in Chinese 14 Aug 93 p 1

[By reporter Yang Xin (2799 2946): "Heilongjiang Holds Meeting To Arrange Crackdown on Smuggling"]

[Text] The provincial meeting on the crackdown on smuggling concluded in the capital city of the province on 13 August. The guidelines of the national conference on the crackdown on smuggling were relayed, and specific steps to crack down on smuggling were arranged at the meeting. Sun Weiben, secretary of the provincial party committee, attended and addressed the meeting.

The meeting was held based on the decision of the provincial party committee and government, and major leading comrades from the prefectures, cities, and counties all over the province attended.

Sun Weiben pointed out in his speech: Smuggling activities have become very rampant over the past few years. Although the smuggling in the province was not as serious as in coastal areas, symptoms of its development have emerged. It is very correct for the party Central Committee and the State Council to decide to wage in-depth antismuggling struggles and resolutely check smuggling activities. In line with the requirements of the central authorities, Heilongjiang should be highly vigilant against smuggling and illegal immigration; attach

great importance to the antismuggling struggle; unwaveringly implement the principle of "attending to two tasks simultaneously and being competent in both"; regard the crackdown on smuggling and illegal immigration as an important part of the anticorruption struggle and an important part of the endeavor to strengthen party building and political power; and be resolute to achieve good results. Party committees and governments at all levels in the province, especially the party committees of border cities, prefectures, and counties, should list the crackdown on smuggling as an important item on their agenda, formulate work plans for it, and clearly define the targets and responsibilities. Taking the overall situation into consideration, leading cadres at all levels should eliminate the influence of local protectionism and local interests; take the lead in resisting, investigating, and dealing with smuggling; and strictly implement the various antismuggling policies of the central authorities and the provincial party committee. They should make sure that Heilongjiang's opening to the outside world develops in a healthy manner, and that smuggling is effectively checked and the economic order and social stability are safeguarded.

On behalf of the provincial party committee and government, Wang Zongzhang made arrangements for Heilongjiang's crackdown on smuggling. He emphasized: The province should focus on three tasks during its current antismuggling endeavor. First, as a border province, the province should actively participate in the national joint activities to crack down on smuggling, organize meticulously for them, and conscientiously carry activities out. In the province, it should crack down on all smuggling activities to stop the source of smuggling. It should straighten out the market and ban the trade of smuggled goods to block the channels for selling smuggled goods. It should investigate and punish illegal purchases and sales of smuggled goods to check this evil trend. At present, it should particularly investigate and deal with the smuggling of cars through the channel of barter trade; the development of spot exchange trade in a disguised manner and fraud in reporting prices to seek the state's preferential policies and evade taxes; illegal sales of the donated cars and bonded goods that are imported; and the practice of using transshipment and container transportation to transfer and sell smuggled goods or the practice of smuggling and illegal purchases and sales of bonded goods. We should concentrate efforts on a number of major and serious cases and particularly punish the leaders of the units engaged in smuggling and the personnel who should hold direct responsibility. Second, the province should further rectify the order in border areas and adopt resolute measures to deal strict blows to illegal immigration. Border defense, public security, and foreign affairs departments should be strict in the issuance of passports and management of the border and deal strict blows to illegal immigration to ensure stability of the border. It should strengthen management of the production in boundary rivers, strictly prevent people from crossing the border, resolutely prohibit the production activities in the

boundary rivers conducted by ships or persons without licenses, strengthen management of the barter trade carried out by the people in border areas, and prevent incidents involving foreigners. Third, the province should improve its Chinese-funded organizations stationed abroad to crack down on their smuggling activities in collusion with the organizations in the province. The provincial foreign economic relations and trade commission and the departments in charge of the Chinese-funded organizations stationed abroad should examine these organizations on a regular basis and strengthen supervision. Cases already exposed should be investigated and handled in a timely manner, and, in particular, major and serious cases on smuggling should be punished strictly.

Wang Zongzhang also urged all pertinent departments to closely cooperate and mobilize all forces to win a victory in the antismuggling struggle.

Other provincial leaders attending the meeting were Wang Xianmin, Li Qinglin, and Xie Yong.

Heilongjiang's Heihe City Elects New Leaders
SK2708091293 Harbin HEILONGJIANG RIBAO in Chinese 11 Aug 93 p 1

[Text] The first Heihe city people's congress was held from 8 to 10 August. Sun Hongzhi [1327 3163 1807] was elected as chairman of the city people's congress standing committee, and Zhao Peixing [6392 1014 2502] was elected as mayor of the city government. Vice chairmen of the city people's congress standing committee are Zhang Yulin [1728 3768 2651], Liu Puyuan [0491 3877 0337], Yue Cairong [1471 1752 2837], Yang Guocai [2799 0948 2088], and Ding Changben [0002 7022 2609]; and vice mayors are Sun Zuozhou [1327 0155 5297], Xu Fuhe [1776 4395 0735], Zhang Chenfu [1728 5256 1381], Gao Junyang [7559 0193 7122], Huang Hongyan [7806 7703 7159], Zhang Yonggang [1728 3057 0474], and Qiao Yuquan [0829 3768 3123].

Heilongjiang's Suifenhe City Names Acting Mayor
SK2708104993 Harbin HEILONGJIANG RIBAO in Chinese 15 Aug 93 p 1

[By reporter Li Zhi (2621 2535): "Qin Yude Appointed as Acting Mayor of Suifenhe City"]

[Text] On 13 August, 43-year-old Qin Yude [4440 3768 1795] was appointed by the Suifenhe City People's Congress Standing Committee as acting mayor of Suifenhe city. Qin Yude was formerly the manager of the Suifenhe Company of the China National Foreign Trade Transportation Corporation. Zhao Mingfei [6392 2494 7236], former mayor of Suifenhe city, was transferred to serve as vice mayor of Harbin city.

Heilongjiang Reviews Rural Economic Development*SK2708095993 Harbin HEILONGJIANG RIBAO in Chinese 10 Aug 93 p 1*

[By reporter Xing Shiguo (6717 0013 0948): "Good Development Trend Emerges in Heilongjiang's Rural Economy"]

[Excerpts] A good development trend has emerged in the various trades of Heilongjiang's rural areas since the beginning of this year. Farming has developed in the direction of "high yields, good quality, and high efficiency." Grain production will decline due to natural disasters, but peasants' income will increase. Township enterprises and animal husbandry have developed simultaneously, and the establishment of the rural market system has been accelerated. This was learned from a briefing held by the provincial government on 9 August.

All trades in rural areas have developed comprehensively, and the production setup and product mix have been improved. Farming has become more compatible with market demand, the law of value and the law of supply and demand have begun to develop their leading role, and high yields, good quality, and high efficiency have become the goal of structural adjustment. Heilongjiang sowed 129.877 million mu of crops this year, up 2.3 percent from last year. The areas sown to soybeans grew by 37.5 percent; those sown to sorghum 49.5 percent; and those sown to miscellaneous grain and beans 18.3 percent. The areas sown to corns declined by 19.4 percent; those sown to wheat 15.6 percent; and those sown to paddy rice 12.1 percent. [passage omitted] According to initial calculation, Heilongjiang's grain output will drop by 1.44 billion kg, but its economic efficiency will increase by 600 million yuan, an increase of 5.45 yuan per mu, and per capita income in rural areas will increase by 30 yuan.

Judging from the current growth of the crops, the grain output of the province may range from 21.5 billion kg to 22 billion kg if no catastrophic disasters occur in the later period.

An unprecedented good situation has emerged in township enterprises. In the first half of this year, the output value of the province's township enterprises totaled 17.666 billion yuan, up 64.6 percent from the same period last year; their income totaled 16.21 billion yuan, up 67.4 percent; their net profits totaled 1.12 billion yuan, up 69.2 percent; and the taxes they paid totaled 489 million yuan, up 84.8 percent. [passage omitted]

Heilongjiang's Fuyuan Customhouse Opens*SK2708094393 Harbin HEILONGJIANG RIBAO in Chinese 9 Aug 93 p 1*

[Text] More than 1,000 people from various circles of the border city of Fuyuan happily gathered along the bank of the Heilong Jiang on the morning of 8 August to

celebrate the opening of Fuyuan customhouse—the first customhouse in eastern China.

Approved by the State Council, Fuyuan was designated as the first-category cargo and passenger port of the country in May last year. Official opening of this port has an important strategic significance in promoting Heilongjiang's cooperation with the south and opening to the north and in improving the international economic and trade passageway.

It took merely 400 days for Fuyuan customhouse to officially open after it was approved. Through the two foreign economic and trade talks held during the period, Fuyuan received more than 400 groups and more than 4,000 businessmen from 18 provinces and municipalities of the country and seven countries and regions and brought in more than 500 million yuan of funds. More than 500 people and nearly 30,000 tonnes of cargo went through the customhouse. Renovation of the highway linking to Tongjiang and construction of the airport are underway.

Jilin Reports Completion of Motor Plant*SK2708094493 Changchun JILIN RIBAO in Chinese 5 Aug 93 p 1*

[By Li Shizheng (2621 1102 2398) and Yu Guanqin (0060 7070 2953): "Construction of No. 2 Motor Plant of Changchun No. 1 Motor Vehicle Manufacturing Plant Completed Comprehensively"]

[Text] Construction of the No. 2 Motor Plant of the Changchun No. 1 Motor Vehicle Group—China's largest sedan and light vehicle motor production base—was completed comprehensively and was appraised and approved on 3 August.

Construction of the No. 2 Motor Plant was a project approved by the State Council and also an important project in the third pioneering program of the Changchun No. 1 Vehicle Manufacturing Plant. Construction began in 1987, and investment totaled 330 million yuan. The project involved imports of products, manufacturing technology, and key supporting equipment of the world advanced levels of 1980's from the Chrysler Motors Corporation of the United States. The project was designed to produce 150,000 motors a year in the first phase and to produce 300,000 motors a year in the second phase.

The main body of the No. 2 Motor Plant was basically completed on 15 July 1991, and imported equipment was installed and tested. Construction and production were carried out simultaneously in 1992. Trial production began in the second half of the year. To date, every work team has produced 200 motors, and a total of 10,000 motors have been produced. The annual production capacity has reached 100,000 motors, and the domestication rate is 82 percent. The designed annual capacity for the first phase, 150,000 motors, can be attained in 1996.

The CA488 motors produced by the plant can be used in various light vehicles and sedans. In addition to supplying motors to the light trucks and light vans produced by the Changchun No. 1 Motor Vehicle Manufacturing Plant, it will also supply motors to 23 light vehicle producing plants in 16 provinces and municipalities, including Beijing, Shanghai, Hebei, Yunnan, and Sichuan, thus making significant contributions to China's development of sedans and light vehicles.

Northwest Region

Qinghai Secretary on Anticorruption Struggle

HK2708063493 Xining Qinghai People's Radio Network
in Mandarin 2300 GMT 23 Aug 93

[Excerpts] The Qinghai CPC Committee called a monthly meeting in Xining yesterday morning to conscientiously study and implement the spirit of Comrade Jiang Zemin's important speech on strengthening the building of party style and a clean government and carrying out an in-depth anticorruption struggle and drawing up a plan to strengthen the building of a clean government and anticorruption struggle in our province. Yin Kesheng [provincial party secretary], Tian Chengping [provincial governor], Sang Jiejia, Chen Yanping, Wang Hanmin, and Yao Zhangcheng attended the meeting. Comrade Yin Kesheng made an important speech at the meeting to draw up a plan to strengthen the building of a clean government and anticorruption struggle in our province.

Yin Kesheng said in his speech: Our party is always confronted with the two most severe tests ever since reform and opening up was started. The first one is the issue of economic construction, and the other is the issue of party style. These two tests have a bearing on the life and death of the party and the country and on the success and failure of the socialist modernization. [passage omitted]

In summarizing our real conditions, Comrade Yin Kesheng set forth three points on implementing the spirit of General Secretary Jiang Zemin's important speech and on accomplishing the building of party style and a clean government and anticorruption struggle in our province: First, it is necessary to reach a common understanding of the spirit of Comrade Jiang Zemin's speech, be fully aware of the importance and urgency of the anticorruption struggle, and vigorously strengthen our sense of mission and responsibility in the anticorruption struggle. While launching the anticorruption struggle, we must fully affirm that our party line is correct and the main trend of our party is good. We must be soberly aware that corrupt phenomena really exist within our party and state organs and that some of them

seem to spread. We must be fully aware that the anticorruption situation is quite grim. We must bear in mind that our party is absolutely able to lead the whole state to clear away the corrupt phenomena. Second, to carry out the anticorruption struggle, it is necessary to accomplish three combinations. That is, we must combine the anticorruption struggle and the enhancement of the building of a clean government; combine the anticorruption struggle and the acceleration of reform, opening up, and economic construction in a good form; and combine the anticorruption struggle with the work on nationality and religion. Third, it is necessary to enhance leadership to strive for victories in the anticorruption struggle.

Comrade Yin Kesheng stressed: The launching of the anticorruption struggle is an important matter for the whole party and the people at present. Party organizations at various levels must conscientiously strengthen the party's leadership of this struggle in strict accordance with our party's unified plan. The party and government should work with one heart and various sides should coordinate with each other to make joint efforts to do a good job in the anticorruption struggle. Party and government cadres at various levels must set an example in behaving themselves. Leading party and government cadres must take charge of the anticorruption struggle by themselves. Those at a senior level must supervise and set an example to their immediate subordinates, with cadres at each level being responsible for their own work to the end. We must have a firm grasp of various party policies and the six principles laid down by Comrade Jiang Zemin and insist on working in accordance with the law. Various localities must highlight key points, concentrate their energies, and step up their efforts to investigate and punish a number of large and important cases. As far as these cases are concerned, we must conscientiously investigate and mete out punishment and must not be too lenient. We must resolutely punish corrupt elements and overcome all kinds of corrupt phenomena. To strengthen leadership, we must set up special groups under the direct leadership of the provincial party committee to conscientiously study and master the spirit of Comrade Jiang Zemin's speech, vigorously draw up a plan for the anticorruption struggle and organize and implement it, striving by every means to achieve results within this year.

Comrade Tian Chengping also addressed the meeting. He urged various government departments and leaders at various levels to reach a common understanding of General Secretary Jiang Zemin's speech, integrate with reality, sort out and solve existing problems, take the initiative in vigorously following the unified command of the central authorities, and maintain a high degree of uniformity with the central authorities in politics, ideology, and action. We should do a good job and achieve results in the anticorruption struggle with a high degree of party spirit and discipline and a lofty sense of historical mission. [passage omitted]

Qian Qichen Receives Island University President
OW2608132993 Beijing XINHUA in English 1320
GMT 26 Aug 93

[Text] Beijing, August 26 (XINHUA)—Qian Qichen, member of the Political Bureau of the Communist Party of China (CPC) Central Committee, met here this afternoon with Chang Hsiao-tzu, president of Taiwan's Soochow University.

Qian, also vice-premier, said during the meeting that it is of great significance to strengthen the extensive exchanges between the two sides across the Taiwan Straits in science of law and other fields.

Among those present at the meeting was Wang Zhaoguo, director of both the Taiwan Affairs Offices of the CPC Central Committee and the State Council.

Beijing To Host Talks on Cross-Strait Relations
OW2608120593 Beijing XINHUA in English 1136
GMT 26 Aug 93

[Text] Beijing, August 26 (XINHUA)—The Mainland Association for Relations Across the Taiwan Straits and the Straits Exchange Foundation (SEF) from Taiwan will hold working talks starting here on August 30 about the implementation of the agreements reached in the Wang-Koo [Ku] talks.

The talks will be held between Sun Yafu, deputy secretary general of the mainland association, and Shi Hweiyow, deputy secretary general of the SEF.

The Wang-Koo talks were a meeting between Wang Daohan, president of the mainland association, and Koo Chen-fu [Ku Chenfu], chairman of the SEF, in Singapore in April this year.

Because topics for discussion stipulated by the agreements of the Wang-Koo talks involve a wide range of aspects and need overall planning of the two organizations, officials in charge of the mainland association stressed that it is necessary to put into effect the agreements of the Wang-Koo talks in an all-round way, to consolidate and develop the achievements of the talks.

As for the coming working talks, the mainland association held that the two organizations should not only exchange views on the arrangements for the five routine talks stipulated by the "General Agreement on the Wang-Koo Talks", but also work out timetables for talks on the economic and scientific and technical exchanges which are stipulated by the general agreement.

The SEF said that the two organizations will only hold working talks on some topics for routine discussions.

The two sides have expressed their willingness to take a positive approach to consider each other's opinions during the talks.

Ministry, U.S. Group Sign Letter of Intent

OW2708000493 Taipei CNA in English 1347 GMT
26 Aug 93

[Text] Taipei, Aug. 26 (CNA)—The Ministry of Economic Affairs (MOEA) signed a letter of intent with a U.S. firm to form a strategic industrial alliance Wednesday [25 August].

Vice Economics Minister Yang Shih-chien, who signed the pact with Hicks, Muse & Co. Incorporated/Mills & Partners (HMM) executives Charles Tate and James Mills in Taipei, said the deal is the sixth of its kind since the MOEA implemented a plan to form strategic alliances with foreign enterprises.

Under the pact, HMM will set up Asia-Pacific business and manufacturing centers in Taiwan and establish long-term cooperative ties with local companies and investment consortiums.

Yang said HMM's willingness to enter into the venture reflects its confidence in Taiwan's potential to become an Asia-Pacific business hub.

He also expressed hope that through the alliance, Taiwan will upgrade its industrial design and production ability as well as research and development.

HMM is a U.S. private investment group known for its enterprise mergers and efficient management, and has production bases and marketing organizations in more than 70 countries.

KMT Official Arrives in Beijing for Meeting

OW2608133593 Taipei CNA in English 0759 GMT
26 Aug 93

[Text] Beijing, Aug. 26 (CNA)—Jeanne Li, newly appointed deputy secretary-general of Taiwan's ruling Kuomintang [KMT], is in Beijing to preside over a board meeting of the Federation for Asian Cultural Promotion (FACP) in her capacity as the federation's chairperson.

Li, who is also a member of the KMT's policy-making Central Standing Committee, said upon her arrival in Beijing Wednesday [25 August] she is visiting Mainland China as a private individual and not a party official.

"My visit carries no political overtones," Li stressed. "I'm here simply to attend an FACP board meeting."

Li, the highest-ranking KMT official ever to visit the mainland in decades, said she has no plans to meet with any senior mainland officials.

The one-day FACP board meeting will discuss three major topics, including Beijing's membership application, membership fees for new members, and cooperation with the international performing arts federation.

The FACP is comprised of Taipei, Hong Kong, Tokyo, Bangkok, Manila, Seoul, Jakarta, Macao, Sydney and Singapore.

In addition to attending the FACP meeting, Li will visit major mainland cultural and women's organizations. She is scheduled to return to Taipei next week.

Ministry To Let Exporters Import Mainland Goods

OW2708110693 Taipei CNA in English 0734 GMT
27 Aug 93

[By Y.C. Tsai]

[Text] Taipei, Aug. 27 (CNA)—All Taiwan exporters will be allowed to import semi-finished products from Mainland China on a case-by-case basis, the Ministry of Economic Affairs (MOEA) said Friday [27 August].

The decision was made at a meeting of the MOEA Consultative Committee.

Currently, only manufacturers at Export Processing Zones (EPZS) and Hsinchu science-based industrial park are allowed to import mainland semi-finished goods other than the 705 items approved for import by the MOEA.

The new decision, which affords equal footing to all export manufacturers both inside and outside the EPZS and the Hsinchu Industrial Park, might drive mainland imports to more than 1,500 items, ministry officials noted.

Moreover, the officials stressed, lifting restrictions on mainland semi-finished goods will help to lower production costs here and sharpen the competitive edge of Taiwan exports.

They also expressed the hope the new decision will help address the ever-increasing relocation of domestic factories to the mainland.

Li Teng Hui Addresses KMT Congress Closing

CM2608162593 Taipei CHUNG YANG JIH PAO
Chinese 23 Aug p 1

["Text" of Kuomintang Chairman Li Teng-hui's address at the closing of the KMT's 14th National Congress on 22 August]

[Text] The four vice chairmen, respectable seniors, congress delegates, and fellow members:

After seven days of meeting, the 14th National Congress of the Kuomintang [KMT] of China is drawing to an end. During the past week, we have reached conclusions on five major topics after heated debate and completed various elections. I would like to express my heartfelt admiration and gratitude to each and every one of you for your hard work and contributions.

This congress has brought together a record number of delegates. This is unprecedented in our party's history. The vigor and vitality demonstrated by delegates were rarely seen before. Although party representatives have different opinions on some issues, they have managed to reach a consensus through democratic procedures. This process and experience is highly valuable, underscoring our party's democratization, openness, and solidarity. Each of us present at the congress should feel proud of this achievement.

During the congress, I was reelected party chairman. This is a great honor and a profound responsibility as well. I will honor my pledge to dedicate myself to the nation and the

party's cause to consolidate intraparty unity, integrate different opinions and rejuvenate party apparatus in order to meet external challenges. I hope all respected seniors and fellow members will continue to give me advice and encouragement. I would particularly express my gratitude to some fellow members who have during the congress given up their original opinions to support my appeal for installing vice chairmen. I would also like to thank all congress delegates for their unanimous approval of the candidates I had nominated for the post. I believe this would help promote party unity and harmony and facilitate party reforms.

The congress has also approved some important revisions to our party charter, including redefining our party as "a democratic political party with revolutionary spirit." This is a revision complying with the tides of the times and the opinions of most party members. This marks an important step towards all-out intraparty democracy. It is also a goal that many of our fellow members have pursued since our party was established by our Tsungli [KMT founding Chairman Sun Yat-sen] 99 years ago. We are excited that this goal is now realized and in our hands. Nevertheless, I must remind all of our fellow members that while we are pursuing democracy, we should never give up our ideals. While we emphasize freedom, we should not loosen discipline. What are our party's ideals? They are the realization of San Min Chu I [the three principles of the people] and the development of an untried modern country based on democracy, freedom, rule of the law, and equitable distribution of wealth. In our party's history, we have encountered many challenges from within and without. We have, however, never been overwhelmed by the tides of the times. We have instead weathered all adversities, with perseverance and confidence. We have created the Taiwan experience. It is mainly because we have never forgotten our party's ideals nor abandoned our party's goals. This is by no means fortuitous.

In the past few days, selected speeches of our late Tsungli, late Tsungtsai [Chiang Kai-shek] and late Chairman Chiang Ching-kuo were read at the conference. After carefully studying them, I found that every sentence was a maxim. Therefore, I would like to read two paragraphs for you to ponder.

The Tsungli said: "Party competition is universal, but the interests of the nation should prevail and inter-party strife should be avoided. In addition, the various parties should improve themselves through competition and exchange of views. Otherwise, when different parties engage in endless, retaliatory cut-throat competition in the name of party politics, the nation will perish."

The Tsungtsai said: "Unity is strength, is the hope for success, and is the way to survive. Without this party, there won't be a Taiwan of today, and there won't be a chance for every individual in this party of today to exist. If we remain divided, we are destroying the party, damaging the nation, and leading ourselves to self-destruction and suicide. Solidarity and existence are two sides of a coin. We must recognize that united we stand. As long as we stand united, we would not only avoid the humiliation of defeat, but also be assured of the success of our revolutionary mission."

In addition, I remember vividly that the late Chairman Chiang Ching-kuo had told me several times that "democracy is the path our party must take, and the aspirations of the people should be the basis of our party's administrative work. Whatever is against democracy, against the public aspirations, should be eliminated, no matter how strong the resistance is."

These valuable instructions are the most precious spiritual assets of our party. What we are honestly seeking today is a full democracy and a thorough party politics. I must stress that while we are insisting on ideals, we must also pay attention to realities. We will never forsake the responsibility of implementing San Min Chu I; the responsibility of revitalizing Chinese culture; and the responsibility of unifying the nation under the principles of democracy, freedom, rule of law, and equitable distribution of wealth. Only by so doing can we say we have not let down our Tsungli, Tsungtsai, Chairman Chiang Ching-kuo, and the expectations of our compatriots at home and abroad, and we can stand tall as members of the Kuomintang.

During the congress, we also passed the revised party platform, party and national development plans, as well as guidelines on current political missions. We have listened to the many suggestions from our members who had expressed their opinions in either an impassioned or gentle way, but with the same hope that the nation will be able to renovate itself again and again under the leadership of our party. We are deeply moved. I believe all these suggestions will contribute very much to future party development. I shall, from now on, make greater efforts, and, under the assistance of all members, to promote harmony within the party, strengthen coordination with the administrative departments, and cultivate more talented people of the next generation so as to enrich the "Taiwan experience" and to create a promising future for our party.

I always believe that no difficulty cannot be overcome as long as we are sincere and determined. We have to prove with facts that the Kuomintang of the Republic of China is an able and responsible political party with ideals. No other parties can match the KMT in terms of its glorious history in the founding and the development of the ROC [Republic of China]. No parties can negate our excellent performance as the ruling party over the past some 40 years, nor can they replace the party in the future. Our future will surely be promising. Seniors and my fellow party members: The 14th National Congress of the party is coming to an end. History will prove that it's a fruitful congress and is crucial to our future development. From now on, the party will enter a new era and move towards a new goal. On the turning point of history, what is in our grasp is the destiny of both the nation and the party and what is on our shoulders are the expectations of all Chinese here and abroad. As long as we understand how great our responsibility is, we should be able to put aside all prejudices and personal interests so as to work hand-in-hand. Let everyone of us do his best to strive for the unification of China and for a promising future for all Chinese with open-mindedness and far-sightedness.

Finally, I wish our nation a prosperous future, our party a great success, and everyone of you good health and happiness.

Premier Lien To Declare Personal Assets 1 Sep

OW2708110193 Taipei CNA in English 0751 GMT
27 Aug 93

[Text] Taipei, Aug. 27 (CNA)—Premier Lien Chan will declare his personal assets on Sept. 1, the local media reported Friday [27 August].

During a meeting of the Executive Yuan Thursday, Lien said he would take the lead in declaring his assets on the first day of a two-month declaration period. He welcomed other government officials to join him in declaring their assets on that day.

Lien said because of his busy schedule he would ask an accounting firm to represent him when the declaration is made.

Lien stressed his move would help fulfill his promise to work for a clean and corruption-free government.

Under a new assets disclosure law, more than 20,000 civil servants, their spouses and children under 18 years of age will be required to declare their personal assets.

Civil servants required to detail their assets include the president, vice president, heads of the five yuans, city mayors, county magistrates, provincial assemblymen and city councilmen.

Chiu Chuang-huan, president of the Examination Yuan, said he would declare his personal assets on Sept. 1 along with Lien.

Other government heads, including Defense Minister Sun Chen, Chairman of the Council of Labor Affairs Chao Shou-po, and Chairman of the Research, Development and Evaluation Commission Sun Teh-hsiung said if all goes well, they would also declare their assets on Sept. 1.

Some government officials, however, said they will not be ready to do so until later in September. Economics Minister P. K. Chiang, who is preparing for an Aug. 28 visit to Germany, Sweden and Holland, said he will have to take care of the matter after he returns home from his two-week trip.

Lawmaker Urges Political Contributions Law

OW2608120793 Taipei CNA in English 0814 GMT
26 Aug 93

[Text] Taipei, Aug. 26 (CNA)—Legislator Jaw Shau-kong Thursday [26 August] urged the government to enact a political contributions law to prevent money-power politics.

Jaw, a founding member of the Chinese New Party, made the call after Evergreen America Corp., a subsidiary of the

Taipei-based Evergreen Marine Corp., was fined by two California regulatory agencies for violating US campaign finance laws.

The California Fair Political Practices Commission and the Los Angeles City Ethics Commission on Monday fined Evergreen America Corp. US\$895,000 for its involvement in a campaign money-laundering scheme. It was the largest fine of its type in US history.

Jaw said the incident has undermined the Republic of China's international image.

"It underscores the need for Taiwan to enact a comprehensive law to regulate campaign contributions," he said.

Jaw urged the cabinet to draft a political contributions bill within three months and send it to the Legislative Yuan for approval.

By so doing, Jaw said, the government can prove its determination to prevent graft and corruption in politics.

Lawmaker Urges Recruiting Foreign-Trained Talent

OW2608152593 Taipei CNA in English 1408 GMT
26 Aug 93

[Text] Taipei, Aug. 26 (CNA)—An opposition lawmaker Thursday [26 August] urged the government to focus attention on Taiwan's oversupply [as received] of highly-educated manpower.

Legislator Yen Chin-fu of the Democratic Progressive Party said more than 11,900 foreign-educated doctoral and master's degree holders sought the Youth Affairs Commission's help in finding jobs here between January 1991 and July 1992.

In addition, more than 3,000 of the advanced degree holders with work experience abroad expressed their intention to return to Taiwan for work in the first half of this year.

Yen said the lingering economic recession in the United States and Europe has prompted the crush.

He suggested the government offer tax incentives to encourage local firms to employ the returnees in research and development programs.

By so doing, Yen said, foreign-trained manpower can be tapped to improve Taiwan's industrial level and product competitiveness on the world market.

The Council of Labor Affairs reported recently that employment prospects for those with advanced degrees have become increasingly gloomy.

The number of job openings for each job seeker with a master's or doctoral degree declined to 0.8 in July from 3.17 in December 1991, the council said.

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